The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

East Hopei Recognizes Manchukuo---Hopei-Chahar Political Council to Follow!

OTHER ARTICLES IN THIS ISSUE

Maj.-Gen. Doihara—Asia's Greatest Plotter
Chinese Celebrate Lunar New Year as of Yore
When the Chinese Public Goes A-Marketing
Colonel House as an Apologist for Japan
A. H. Driscoll, Former A..O.F.C. Official, Turns State's Evidence, Testifies Against Frank J. Raven
Hirota Asserts China Will Recognize "Manchukuo;" Hu Han-min Declares His Policies Remain Unchanged
China Needs Ten Years of Peace, Leith-Loss Tells Chinese at Hankow *(By the Review's Hankow Correspondent)*
The War Between the Secret Services in Manchuria *(By the Review's Harbin Correspondent)*
Students in South China Protest Against Japanese Imperialism in North China *(By the Review's South China Correspondent)*
General Chiang and the Professor-Student Conference in Nanking . . . . . By C. Y. W. Meng
The North China Tragedy . . . . . By C. Y. Hsieh
A Defence of the Concubinage System . . By T. S. Young
A Tribute to Dr. H. H. Kung . . . . . By S. C. Singham

SATURDAY, JANUARY 25, 1936 VOLUME 75, NUMBER 8

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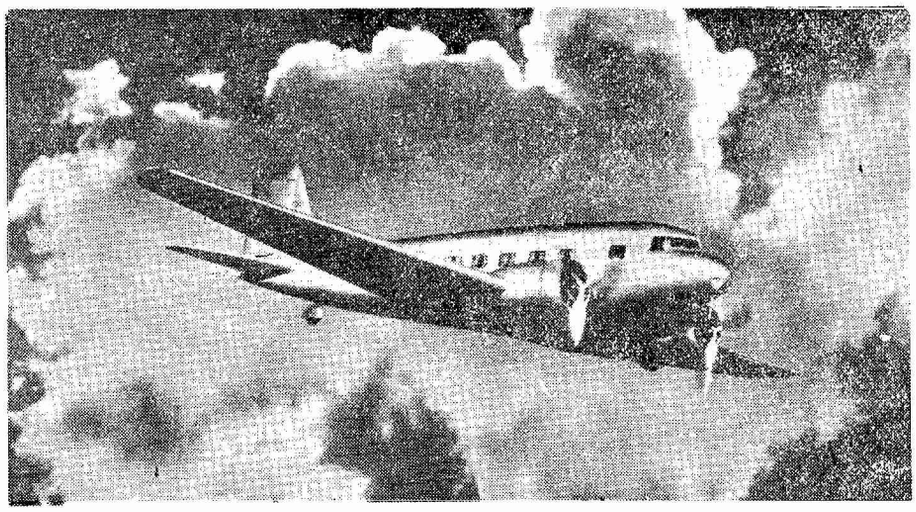

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10.25 *dep.*	Foochow	*arr.* 11.05
11.35 *arr.*	Amoy	*dep.* 9.55
11.55 *dep.*	Amoy	*arr.* 9.35
12.55 *arr.*	Swatow	*dep.* 8.35
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8.00	Dep.	Nanking	Arr.	16.50
10.40	Arr.	Chengchow	Dep.	14.10
11.10	Dep.	Chengchow	Arr.	13.40
13.20	Arr.	Sian	Dep.	11.30
13.30	Dep.	Sian	Arr.	11.00
16.30	Arr.	Lanchow	Dep.	8.00
	Dep.	Lanchow	Arr.	
	Arr.	Suchow	Dep.	
	Dep.	Suchow	Arr.	
	Arr.	Hami	Dep.	
	Dep.	Hami	Arr.	
	Arr.	Urumtchi	Dep.	
	Dep.	Urumtchi	Arr.	
	Arr.	Tchukuchak	Dep.	

Wednesday & Saturday

Peiping-Canton Line

Tuesday & Friday

South Bound			North Bound	
7.00	Dep.	Peiping	Arr.	11.30
10.30	Arr.	Chengchow	Dep.	8.00
	Dep.	Chengchow	Arr.	
	Arr.	Hankow	Dep.	
	Dep.	Hankow	Arr.	
	Arr.	Changsha	Dep.	
	Dep.	Changsha	Arr.	
	Arr.	Canton	Dep.	

Thursday & Sunday

Lanchow-Paotow Line

Wed. & Sat.

North Bound			South Bound	
8.00	Dep.	Lanchow	Arr.	16.20
10.00	Dep.	Ninshia	Dep.	14.20
10.20	Dep.	Ninshia	Arr.	14.00
12.20	Arr.	Paotow	Dep.	12.00

Tues. & Fri.

Sian-Chengtu Line

Tues. & Fri.

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14.00	Dep.	Sian	Arr.	11.00
15.00	Arr.	Hanchung	Dep.	10.00
15.10	Dep.	Hanchung	Arr.	9.50
17.00	Arr.	Chengtu	Dep.	8.00

Wed. & Sat.

NOTES: 1. This time table is effective on and after 25th September and is subject to change without notice.

2. Special flights to other places can be arranged by special agreement.

Latest New York Stock Exchange Quotations

January 21, 1936

Stock Exchange— Business Done:-

Total Volume: 1,810,000 Shares

1934-35 High	1934-35 Low	Div. $ per sh.	STOCKS	Last Sale Jan. 18	Last Sale Jan. 20
12	4¼	—	Adams Express	11¾	11⅝
149⅝	110	4.00	American Can	130	130
35½	20¼	0.40	Amer. Cyanamid "B"	34¼	34⅝
9¼	2	—	American & For. Power	8⅛	8⅛
42	14	—	American & Foreign Pwr. $7 pfd.	35	35¼
27⅛	10½	—	American Radiator & S.S.	28⅛	26⅝
160½	98⅞	9.00	American Tel. & Tel.	160¼	160⅜
107	74¾	5.00	American Tobacco "B"	99½	100¾
23¾	7⅛	—	American Waterworks	22¼	21⅞
30	8	—	Anaconda Copper	28¼	28
70¼	35¾	2.00	Atchison, T. & S. Fe	67¾	66½
45½	15	—	Auburn	41	41
18¾	7¼	—	Baltimore & Ohio	17⅝	17
51⅞	21⅝	—	Bethlehem Steel	51⅜	50⅜
24¼	6⅛	—	Boeing Airplane Co.,	22⅝	23⅛
13¾	8⅝	—	Canadian Pacific Railway	11¼	11
111¼	45¾	—	Case, J. I.	99¼	98
47⅞	20¼	1.40	Chase National Bank	39¾	38⅝
67	36	3.00	Chesapeake Corp.	64½	64
54⅞	37½	2.80	Chesapeake & Ohio	54	54
93½	31	1.00	Chrysler	86⅞	86½
15⅝	3⅝	0.20	Columbia Gas & Electric	14⅞	14½
23⅞	16½	0.60	Coml. Solvents	20⅝	20¾
3⅝	0⅝	—	Commonwealth & Southern (ord.)	3¾	3⅝
34¼	15⅞	1.00	Consolidated Gas of N. Y.	33	32½
13¼	6½	0.25	Consolidated Oil	12⅝	12½
37¾	15⅞	62½	Continental Oil	35⅛	34⅜
78⅝	60	3.00	Corn Products	72½	72⅝
57⅛	17¼	0.75	Douglas Aircraft	54⅞	58⅜
146¼	96⅝	3.60	Du Pont de Nemours	144	143
20⅜	3⅛	—	Electric Bond & Share	17⅝	16¾
40⅞	20⅛	0.80	General Electric	37⅝	36½
37¼	30	1.80	General Foods	35	35
59⅛	26⅝	2.00	General Motors	54⅝	54⅞
44½	15⅝	1.00	General Railway Signal	44¼	44
22	14⅜	1.20	Gold Dust	19⅞	19¾
26⅞	15¾	—	Goodyear Tire & Rubber	22⅞	22⅝
70¾	44	1.00	Humble Oil	68¼	68¾
47¾	22¼	1.00	International Nickel	46¾	45⅝
16¾	5⅝	—	International Tel. & Tel	16¼	15⅞
30⅝	13⅜	0.80	Kennecott	29⅛	29⅛
55¼	31¼	2.00	Loew's Inc.	50⅜	51⅜
26½	18½	1.20	Lorillard	25¼	25⅜
96½	55	1.00	Monsanto Chemical	95	95¾
40¼	21¾	—	Montgomery Ward	36¼	36⅞
41⅞	18½	1.00	National City Bank	35¾	35⅛
23¼	12¾	1.20	National Dairy Prods.	22¼	21⅞
34¼	23⅛	2.60	National Distillers	28⅞	28⅞
14⅝	4⅞	0.60	National Power & Lt.	12¼	11¾
30⅝	12¼	—	New York Central	29⅜	29¼
29¼	9	1.00	North American	27¾	27¼
34½	13⅛	1.50	Pacific Gas & Electric	34	33⅛
56	19	2.40	Pacific Lighting	52⅜	52⅜
8⅛	3½	—	Packard Motors	7⅝	7⅝
35	17¼	0.50	Pennsylvania Railroad	34⅛	35⅜
40⅝	13¾	1.00	Phillips Petroleum	40⅛	39⅞
48¼	20⅜	2.40	Public Serv. of N.J.	46⅝	46⅞
14¼	4	—	Radio Corporation	13⅞	13⅝
58¾	43⅛	3.00	Reynolds Tobacco "B"	57⅝	58
56¼	22	—	Schenley	48	49⅞
69⅞	31	2.00	Sears Roebuck	61¼	60½
16½	10⅝	0.30	Socony-Vacuum	15¾	15½
28¼	10⅝	1.50	Southern California Edison	27½	27⅞
27⅛	12¾	—	Southern Pacific	25⅝	25¼
19¼	12½	0.80	Standard Brands	16¼	16⅛
9¼	1¼	—	Standard Gas & Electric	8	7¼
54⅞	35¾	1.00	Standard Oil Co. of N. J	53⅞	53¼
68	58¾	3.80	Sterling Products	66	65
36¾	28¾	2.00	Texas Gulf Sulphur	34⅝	32
14	4⅞	0.80	Transamerica	12½	12⅝
75⅝	44	1.60	Union Carbide & Carbon	74	73⅝
117¼	82¼	6.00	Union Pacific	117	115½
30¼	9⅞	—	United Aircraft (New)	26⅞	26½
10⅝	4½	—	United Airline Trans.	14¾	14⅞
8¼	1½	—	United Corporation	7⅞	7⅝
19¼	9¼	1.00	United Gas Improvement	19	18⅝
50⅝	35¼	2.00	U.S. Indus. Alcohol	41¾	41¾
18¼	9⅛	—	U. S. Rubber	17½	16¾
50⅝	27¼	—	U. S Steel	47¼	46½
24¼	11¼	—	Vanadium	22¾	22½
10¼	2¼	—	Warner Bros Pictures	10½	10⅜
102⅝	32⅝	0.50	Westinghouse Electric	101⅝	100⅛

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75-290

密勒氏評論報

The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China.

Volume 75 Shanghai, China, Saturday, January 25, 1936 Number 8

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; GEO. W. MISSEMER Asst. Editor; TRYPHON V. KU, Advertising Dept.; F. K. CHAO, Business Dept.

YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

Contents

Editorial Paragraphs

Chinese Celebrate Lunar New Year as of Yore... 255
When the Chinese Public Goes A-Marketing 256
Colonel House as an Apologist for Japan 256
The Late King George V..... 257
Rudyard Kipling 257
Maj-Gen. Doihara—Asia's Greatest Plotter 258
East Hopei Recognizes Manchukuo—Hopei-Chahar Political Council to Follow! 259
Japan's Withdrawal from the Naval Conference... 263
Can China Depend on International Assistance?... 263

Special Articles

Hirota Asserts China Will Recognize "Manchukuo;" Hu Han-min Declares His Policies Remain Unchanged 264
The War Between the Secret Services in Manchuria 267
A Defence of the Concubinage System .....
.....By T. S. Young 269
The North China Tragedy .....By C. Y. Hsieh 270
Gen. Chiang and the Professor-Student Conference in Nanking .....By C. Y. W. Meng 272
Students in South China Protest Against Japanese Imperialism in North China 274
A. H. Driscoll, Former A.O.F.C. Official, Turns State's Evidence, Testifies Against Frank J. Raven 276
China Needs Ten Years of Peace, Leith-Ross Tells Chinese at Hankow 280
Who's Who in China..... 285
Men and Events 286
A Tribute to Dr. H. H. Kung...By S. C. Singham 287
New Books of Interest in the Far East..... 288

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

CHINESE CELEBRATE LUNAR NEW YEAR AS OF YORE

IF the readers of *The Review* find that this week's issue is not quite up to the usual standard we will plead the incidence of the Chinese New Year—the third "New Year" to be inflicted on the long-suffering business community of this international port within the period of three weeks and two days. Chinese New Year, the Gregorian New Year and the Russian New Year are celebrated in many other places than Shanghai, but nowhere has their combined impact such a force as here. The printing establishment where this journal is printed employs Chinese almost exclusively to do the mechanical work, while in the administrative and business offices in addition to Chinese, Anglo-Saxons and Russians are on the staff, so that the printing establishment is practically compelled to observe all three of the "New Years" as holidays. Officially this period is known as the Spring Holiday, but this euphemism does not obscure from any one of the four hundred million inhabitants of this country the fact that it is the millenium-old Lunar New Year that is being observed. It is popularly known as the "Chinese" New Year, but there is nothing particularly Chinese about it except the fact that the Chinese people are practically the only ones who still observe it. It is not so long ago that the Japanese people also observed the Lunar New Year—still do, as a matter of fact, in fixing some of their folk festivals, notably so the *Miyako Odori* ("Capital Dance"), one of the main features of the Cherry Blossom Festival each spring in Kyoto, the ancient capital. Oriental people generally in ages past observed the Lunar New Year and there are many excellent arguments in favor of the Lunar system. When the wave of modernism swept over China several years back many excellent changes were introduced into this ancient land, but although it has been decreed again and again by the National Government that the people must give up their old-fashioned Lunar New Year, the Chinese public simply has refused to obey. Officially the Lunar New Year has been abolished. The Government offices keep open and so does the Post Office, although the business transacted is inconsequential. As regards the Chinese public in general the decree

of the Government might as well not exist. Even the Chinese newspapers, which in previous years, out of respect to the Government's orders, published as usual, will this year observe a four-days' holiday. As a matter of fact when the Chinese newspapers in previous years printed their usual editions it was an abortive effort due to the fact that the distribution system did not function. The delivery coolies simply failed to show up. So, for the present, old custom reigns in China in this matter. Meanwwhile the Nanking Government bides its time until a more proptitious moment to enforce its "modernist" ideas.

WHEN THE CHINESE PUBLIC GOES A-MARKETING

WHEN the Shanghai Municipal Council last month decreed that as from January 1 all market stall-holders and shopkeepers must abide by the Chinese (that is the metric) system of weights and measures it did so as a gesture of goodwill towards the Chinese City Government of Greater Shanghai. Under similar circumstances until say fifteen years ago the Council would not have paid any attention whatever to any mere Chinese Government regulation, secure in the tradition and prestige that a foot was the length as we know it today because it happened to be the length of the actual (physical) foot of an English King in ages past, that a pound was the actual weight of so many corns of barley, and so on throughout the whole cumbrous Anglo-Saxon system. It is this same conservatism that impels the British nation, alone among all the people of the earth, to maintain an archaic money system. British ideas in this respect have not changed since Herbert Spencer remarked in an altogether serious vein that money "just naturally resolves itself into pounds, shillings and pence." But both the City Government and the Shanghai Foreign Municipality find themselves up against the customs of another people whose conservatism is a match for the conservatism of the British. The average Chinese shopkeeper and market stall-holder faithfully obeys the order of the Powers-that-Be and has provided himself with a pair of scales on the metric sytem, for that is the system which the Chinese Government has adopted. In matters of weight, the basis is what is known in Chinese as the Shih Chin (that is the "market catty")—in other words the exact equivalent of half a kilo in the metric system. Half a kilo is the equivalent of 1-1/10 English pounds. The old standard Chinese weight is the Chin, which is the equivalent 1-1/3 pounds. What the new order amounts to for practical purposes is that it gives the shopkeepers a chance to "slip over" something on some of their customers, that is, to supply goods on a basis of 1-1/10 English pounds instead of 1-1/3 pounds. However, the average Chinese housewife provides herself with a personal pair of scales based on the old system so as to prevent such a fraud. The net result is that the metric-based scales are little used. The new regulation has simply added one more unit to the complications of every-day retail trading. If the customer at the market is a foreigner and buys fruit he will be served on an avoirdupois-pound scale; if he or she is a Chinese and buys fish it will be weighed on the old system Chinese scale; but if the Chinese customer is a stranger in the town or a casual customer the seller will probably spot that fact and for this particular occasion will reach for the new metric system scales (usually hidden away) and charge the unsuspecting customer according the old system but supply him according to the new system (almost twenty percent less).

COLONEL HOUSE AS AN APOLOGIST FOR JAPAN

COLONEL Edward M. House recently wrote on international affairs in the magazine *Liberty* in a vein that caused Bernard Shaw, veteran Irish essayist, to explode in characteristic manner. Said Mr. Shaw:

> **"Colonel House's article is pre-Manchukuo; and is written apparently in ignorance of the amazing development and moral political leadership achieved after 1929 by the U.S.S.R. And what about Home Rule in Africa and other 'waste places' of the earth? People who say nowadays that they must expand or explode run the risk of being told to explode and be damned."**

The general theme of Colonel House's argument follows:—

Every statesman will admit in private conversation that Germany, Italy, and Japan need reservoirs into which to pour their man power and from which to draw those necessities and raw materials which nature has denied them. But the great possessing nations—Great Britain, France, the United States, and Russia—are unwilling to grant to their less fortunate fellows more than crumbs that fall from their colonial table.

For some reason or other Colonel House has become an apologist for Japan. His argument is that there are still vast waste places throughout the earth, therefore why not allow the Japanese to make them productive and add to the wealth and happiness of mankind?

The following are more of Colonel House's arguments:

> "If the Japanese Military party gains control, I have confidence in the sober judgment of the masses of Japan, and if we do our part, the future will see us working with them for a common purpose.
>
> "If America and other nations contemplating policies based on unenlightened national egotism should carry out these intentions, failure is inevitable.
>
> "In almost all countries there is a strong sentiment for isolation. With human society organized as at present this is practically impossible.
>
> "India, China, and perhaps even Russia, might exist and be content to live entirely on

their own resources, but not Americans. If isolation, autarchy, narrow nationalism is the best that our virile, courageous, highly educated one hundred and thirty millions of people can do with the wealth and the machinery they have created from their mines, from their factories and their land, then the American experiment is not worth while—we have not justified our existence.

"We cannot refuse to be our brothers' keepers; we cannot 'disinterest' ourselves in Europe and Asia. Chinese destiny, or fate—call it what you will—has given us an opening to take leadership in the effort toward the betterment of our race. If we heed the isolationists we shall become the China of the Western World. I say this with all respect for the Chinese. They are a remarkable people, with a unique civilization behind them, but their theory of government is centuries behind the times. They cannot cope with the thought of the rest of the world, or of their virile neighbors, the Japanese, who are becoming more modern than the Western peoples themselves. The yellow race, led by its most progressive members, will coalesce eventually. It is desirable that this bloc—almost inevitable if to the weight of numbers is added the new impetus which China as well as Japan has received from the Western world—should not be imbued with antagonism against the winte race. But it will be thus imbued if we are unwilling to envisage a new deal internationally as well as nationally. Germany will be dissatatisfied until she regains what the exile in Doorn has called her place in the sun. Japan will see red until her crying needs are acknowledged. Just as social peace cannot prevail without some adjustment of the capitalistic system, so international peace cannot be preserved without drastic territorial readjustments.

"Great Britain, France, Russia and the United States must receive Italy, Germany and Japan on terms adjusted to present world conditions and recognize their insistence upon being given their proper part of the colonial resources of the world."

Colonel House also made use of the expression: "Italy must expand or explode!" That was the expression that made Bernard Shaw explode, as above recorded.

THE LATE KING GEORGE V.

DESPITE the fact that legally a King of England has very much less power than say the President of the United States, the death of King George V., the news of which was received here early in the morning of January 21, is a matter of tremendous importance, not only to the people of the British Empire, but to the world in general. Not endowed with any great amount of aggressive ability, the late King of England was, neverthess, endowed with more than the ordinary amount of common sense. He carried out the duties of his office in a way that left no ground for criticism. A kindly manner endeared him to all his subjects. Probably no King has ever been better liked personally by what Abraham Lincoln called the "common people." The same affection was shown by the British public to Queen Mary, who now becomes Queen Dowager, and as such will doubtless continue to be a great influence in British affairs. The British people only a short while ago showed their solidarity at the time of the Silver Jubilee. They are showing it once more at this time of mourning. His successor, the former Prince of Wales, is like his father, an exceedingly popular man. The principal fault that the British people generally find in him is that he has never married.

RUDYARD KIPLING

BY the death of Rudyard Kipling the British Empire has lost not only a great writer and poet, but also one of the best disseminators of the "British idea." Behind the artistry of Kipling as also behind the detective and adventure tales of Conan Doyle the British point of view always shone through. The writings of both deteriorated somewhat in their later years. Conan Doyle branched off into spiritualism, and Kipling in his youth outraged the Anglo-Indians (that is, the English residing in India) by his tales of their shortcomings. One would naturally have expected that he would be sympathetic to the political ideas of the Indian people but in fact, in his later years, he was one of the bitterest of "die-hards." The world owes a debt to Kipling for his delineation of Indian life. To the great mass of mankind his stories are the nearest approach which they have to a conception of conditions in that great empire. But even at best there was a certain contemptuous tone in his writings which made the average Indian dislike him. It may be mentioned incidentally that China still awaits its Kipling. The field is here; it has never been covered. Let us hope that when he arrives he will not make the mstake that the real Kipling did about India. It was one of the tragedies of Kipling's life that one of his greatest lines was persistently misquoted. The phrase "East is East and West is West" has been habitually used in the exact opposite sense to what he wrote, due to the fact that the whole sentence was not quoted. Shakespeare is also similarly misquoted in the phrase, "The play's the thing."

A LITTLE NOTE FROM HISTORY

TWO thousand five hundred years ago it was a punishable offense to complain about the depression in Attica . . . . . to name the foreign Powers that were taking over the Athenian colonies . . . . to mention debts and diminishing employment. Only Solon, the poet, was brave enough to defy this law and even he sought to escape its penalty by feigning madness as he stood in the public places crying for action against his country's enemies. . . . . preaching revision of interest rates . . . . and above all pleading for a new form of represesentative government based on public elections.

Maj.-Gen. Doihara—Asia's Greatest Plotter

MAJ.-GEN. Kenji Doihara, Asia's most famous and successful plotter and political prestidigitator, will without doubt find a secure niche in Nippon's hall of fame.

In his capacity as the chief of the Kwantung Army's omniscient secret service, he played a leading role in preparing the ground for the occupation of Manchuria by Japanese troops in 1931. He was also responsible for the flight of Mr. Henry Pu Yi from Tientsin to Manchuria, where the latter, "by divine will" and the Kwantung Army's permission, occupied the "Throne of My Ancestors."

In the subsequent three years Maj.-Gen. Doihara's activities were shrouded in a cloak of impenetrable secrecy. Last spring, however, he suddenly injected himself into Oriental history, to become Asia's most important and publicized personage. His dramatic dashes from Hsinking, where the Kwantung Army has its headquarters, and Mukden, the nerve center of the Army's secret service, to all corners of China, began to serve as harbingers of startling political and military developments.

Foreign correspondents commenced to cable home tales of the "Lawrence of Manchuria," while Chinese Government officials watched Maj.-Gen. Doihara's movements with undisguised anxiety. His candid, if somewhat belligerent, statements on China's Sincerity and Japan's Role as the Chief Stabilizing Force in the Orient began to carry the significance of official utterances.

When in September he made one of his periodical dashes through the northern provinces, conferring with Chinese officials, in and out of power, and Mongolian princely fence-sitters, political observers knew that a storm was in the offing. These expectations came true late in September, when Maj.-Gen. Hayao Tada, at that time close collaborator of Maj.-Gen. Doihara and his classmate at the Tokyo Military Academy, unburdened himself of a declaration on the need for the creation of a "paradise of Sino-Japanese harmonious relations in North China." On Sept. 29 Maj.-Gen. Doihara put a finishing touch on the preparations by intimating that the five northern provinces would find it to their benefit to declare independence.

Maj.-Gen. Doihara's joyful labors came to fruition next month, with the Hsiangho farmers' riots, autonomists' demonstrations and the northern leaders' declarations of their yearning to cooperate with Japan and Manchukuo and divorce Nanking.

Armed with instructions, which apparently did not include the declaration of independence of North China, Maj-Gen. Doihara once again began his conversations with northern generals, headed by Gen. Sung Cheh-yuan, whom he saw fit to bring out of oblivion into limelight as the head of the projected independent state.

What happened in the eventful week of Nov. 18-25 is still uncertain. Certain it is that Maj.-Gen. Doihara was given the first major slap of his career that resounded to every corner of the press-served world. Some said that Ambassador Akira Ariyoshi, who has little liking for the Kwantung Army, intimated in his interview with Gen. Chiang Kai-shek that Tokyo would not support Maj.-Gen. Doihara's schemes. Acting on the hint, Gen. Chiang at once wired instructions to northern warlords to put a damper on their enthusiasm for independence.

The immediate effect of the instructions was an epidemic of colds, kerosene stove poisoning and other maladies that normally serve to keep northern Chinese diplomats out of hot Japanese water. The interview arranged in Peiping by Maj.-Gen. Doihara with Gen. Han Fu-chu, Gen. Shang Chen and Gen. Sung Cheh-yuan did not take place as the conferees failed to arrive. Enraged, Maj.-Gen. Doihara left for Tientsin, where in the following few days he arranged for the next act of the northern tragi-comedy, with Japanese-educated Yin Ju-keng in the title role.

Three reasons were given by competent observers for the failure of the Tokyo War Office, usually so attentive to the Kwantung Army officers, to support Maj.-Gen. Doihara. The first of these was the fear that an outright annexation of North China in November would force shy Uncle Sam into the fond embraces of perfidious Albion at the then forthcoming naval disarmament conference. The Navy and the Foreign Office insisted on "soft-pedalling" and the War Ministry reluctantly complied.

The second reason for Maj.-Gen. Doihara's partial failure was his desire to play a "lone wolf" in adding North China to the Nipponese domain. Japanese military authorities in Shanghai and Tientsin, apparently slighted by Maj.-Gen. Doihara's uppishness, declined to continue the hearty support they have been giving him in the past. The situation had for a while become so charged with dynamite that Col. S. Kita of the Tokyo General Staff was dispatched to North China post-haste to arrange a truce.

The third possible reason for Maj.-Gen. Doihara's failure was that he, in trying to conquer North China single-handed and without the loss of life of a single Japanese tax-payer, vastly exceeded the instructions given to him by Gen. Jiro Minami, Commander-iin-Chief of the Kwantung Army and the uncrowned Emperor of Manchukuo. Maj.-Gen. Doihara's schemes apparently provided for such drastic changes in the political administrative set-up in North China, that other "brain-trusters" of the Kwantung Army began to fear that chaos and consequent rise of the communist movement would result.

In an effort to find a Chinese leader whose "sincerity" and craving for co-operation with Nippon and Manchukuo were beyond reproach, Maj.-Gen. Doihara has tested practically every actual or potential warlord in the northern provinces. When last month he indicated his displeasure with his latest favorite, Gen. Sung Chen-

yuan, thus threatening to throw the new northern machinery out of gear, the Kwantung Army took heed, and hastily dispatched Maj.-Gen. Seishiro Itagaki, assistant chief of its staff, to Tientsin to prevent a total breakdown of the administrative system.

Maj.-Gen. Itagaki, together with Lieut.-Gen. Nishio, chief of staff, and Maj.-Gen. T. Sasaki, who concurrently acts as the supreme military adviser to the Manchukuo Army, has been responsible for the formulation of the Kwantung Army's policy in North China. Maj.-Gen. Doihara, the fourth of the Army's "brain-trusters' quartette," has apparently gone far beyond this policy in trying to elevate himself into the sainthood of Nipponese empire-building.

What success Maj.-Gen. Itagaki had in salvaging his policy is still uncertain. During his brief sojourn in the north he met Major-Generals Tada and Isogai, Maj.-Gen. Doihara's unfriendly colleagues. He has also indicated the future course of events in North China by conferring with Gen. Sung Cheh-yuan and Mr. Yin Ju-keng on the amalgamation of their bailiwicks.

The latest visit to North China of the "Manchurian Lawrence" last week was accompanied by fewer displays of fireworks than his previous calls. This may have been caused as much by his interview with Gen. Minami in Hsinking as by the fact that the northern chieftains are so meek that no further displays of belligerence are required. It may be significant to note that he is confining himself to the course mapped by Maj.-Gen. Itagaki, namely the merger of the two autonomous organizations.

Maj.-Gen. Doihara's future is uncertain. He has served in the secret service division of the Kwantung Army sufficiently long to be due for replacement. The said Tokyo War Ministry officials are reported to be wary of his Napoleonic plans, ambitions and impulses. They also fear his enormous influence over the Army's so-called "young officers," who persistently demand action, whether it be in the eradication of Occident-tinted Japanese politicians or war with China and Russia. This lends credence to the persistent reports that instead of being returned to Japan he will become the supreme military adviser to the new autonomous regime in North China, directing its activities in the formation of a joint China-Japan-Manchukuo anti-Communist front.

In that position Maj.-Gen. Doihara, with his immense energy, resourcefulness and profound knowledge of China, Mongolia and Russia is bound to remain a history-maker. Decades hence, when the story of Nipponese empire-building is written, Maj.-Gen. Doihara's name will be featured in its most glorious pages.

East Hopei Recognizes Manchukuo—Hopei-Chahar Political Council to Follow!

THE little town of Tungchow on the outskirts of Peiping where Yin Ju-keng maintains his puppet East Hopei Anti-Communist Autonomous "Government" became quite important last week when Yin was host to several prominent visitors among them being Major-General Seishiro Itagaki, Vice-Chief of Staff of the Kwantung branch of the Imperial Japanese army; Major Imai, Military Attache, and Chuchi Ohashi, Japanese Vice-Minister in charge of the Foreign Affairs of Manchukuo. There was considerable traveling back and forth between Peiping and the newest puppet capital and it was reported that Yin Ju-keng had made two trips to his residence in Peiping, despite the existence of a warrant for Yin's arrest issued by the National Government at Nanking and entrusted to Gen. Sung Cheh-yuan for execution.

The reason for the presence of the high Japanese officials from Manchukuo and the scurrying about from Peiping to Tungchow and vice-versa was explained in a brief message published in the *Osaka Mainichi*, on Jan. 11 stating that Chuchi Ohashi and Yin Ju-keng had been engaged in the negotiation of an agreement containing some twelve articles. Chih Tsung-mei, a minor official of the East Hopei administration, was quoted as stating the matter was of considerable importance but did not give any details. Since that time there have been numerous reports from Peiping, Hsinking, Tokyo and elsewhere which point to the fact that Yin has granted recognition to Manchukuo—a case of Puppet No. 2 recognizing Puppet No. 1—but a definite indication that the new "autonomous" areas which the Japanese army is now engaged in carving out of North China and Inner-Mongolia are being brought into intimate relations with Manchuria. On Jan. 15 the *United Press* reported that Yin had asked Manchukuo to give his "government" military protection against Gen. Sung Cheh-yuan who allegedly was planning to recover possession of the ports of Tangku and Taku (entrance to Tientsin) which Yin had seized sometime previously. On the following day there was a Japanese report from Tientsin stating that Manchukuo had granted certain privileges to the East Hopei Anti-Communist Autonomous Council in connection with the admission of Chinese laborers to Manchukuo. The report stated that as a result of the conversations between Chuchi Ohashi, Japanese Vice-Minister of Foreign Affairs of Manchukuo and Yin Ju-keng of the East Hopei Council, Manchukuo would in future permit laborers from East Hopei to enter Manchukuo providing they possessed identification certificates issued by the magistrates of the East Hopei Council. However, it was stated at the end of the report that the transportation of Chinese laborers to Manchukuo in future would be controlled by a semi-official

Japanese company (Daito Koshi) which enjoyed a monopoly contract with the Manchukuo government. As all magistrates' offices within the East Hopei "government" are controlled by Japanese advisers, the new arrangement means that the migration of Chinese peasant farmers and laborers to the Northeastern provinces (between 400,000 and 500,000 annually) will be strictly controlled under a Japanese contract-labor system. This means that the Japanese will not only be able to prevent "undesirable" elements from entering Manchukuo but will be able to completely control and divert to their own purposes a vast mass of Chinese coolie labor which previously contributed materially to the prosperity of the Northeastern provinces when they were under Chinese administration.

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Lieut.-Colonel Yoshiho Ishii, staff officer and spokesman of the Japanese army garrison in Tientsin, declared in the course of a conversation with foreign newspapermen last week that it would be "extremely difficult" to induce Yin Ju-keng to dissolve his "government," because it was much more profitable to keep it in operation than it would be to amalgamate with the Hopei-Chahar Political Council. He said that since the matter of amalgating the two administrations was a Chinese domestic question that Japan could not interfere; however, the Japanese army did occasionally offer advice, particularly on financial issues. Referring to a little notebook the Colonel explained that the income of the twenty-two hsiens or counties embraced in the district amounted to $12,000,000 a year, which the Chinese authorities had disposed of by spending $4,000,000 locally and remitting $8,000,000 to Nanking. In future it was Japan's —or rather Yin Ju-keng's—plan to retain the $8,000,000 also for domestic purposes, of which $1,500,000 would be used for the maintenance of peace and order, $500,000 for development of the hsien administrations. The remaining $6,000,000 would be used for industrial development, particularly the inauguration of an extensive scheme of cotton culture. The entire plan, explained Col. Ishii, was to make the people happy and develop a "utopia" for the Chinese masses. The Japanese Colonel then declared that similar treatment was to be applied to Hopei Province. Referring again to his little notebook, he said that Hopei's gross revenues had amounted to $148,000,000 annually, of which the Chinese officials had been accustomed to remit $102,000,000 to Nanking. In the future, declared Col. Ishii, this large sum of $102,000,000 will be retained and devoted to enterprises of benefit to the masses of the people. When queried about foreign, particularly British investments, within the new Japanese sphere, Col. Ishii said they would be adjusted satisfactorily with the interests concerned. The British registered Kailan mining properties located within Yin Ju-keng's autonomous district, probably would be purchased by the Japanese government-controlled and operated South Manchuria railway, "that is, if the British wanted to sell the property," the Colonel added as an afterthought.

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Col. Yoshiho Ishii, spokesman of the staff headquarters of the Japanese army command at Tientsin, also referred in the course of the same interview to the status of the Peiping-Mukden railway, the head office of which (at Tientsin) was forcibly seized by gendarmes belonging to Gen. Sung Cheh-yuan, chairman of the Hopei-Chahar Political Council. Col. Ishii said that the question of a division of revenues of this railway between the puppet administration of Yin Ju-keng and Gen. Sung Cheh-yuan had been settled by the management of the railway agreeing to pay Yin Ju-keng the sum of $100,000 a month for "protection." Gen. Sung seized the head office of the Peiping-Mukden railway shortly before Christmas and immediately installed as Managing Director a heretofore unknown Chinese named Chen Chueh-shen who had served as a sort of liason officer and Japanese language interpreter in the office of the Peiping-Tientsin garrison commander. Chen was recommended for the position by the Japanese military officers at Tientsin and it was not generally known until some time later that Chen, although of Chinese blood, had been born in Japan and in consequence was a Japanese sub-

TWO-FACED

—*From the Chicago Daily News*

ject. The appointment of the Japanese nominee as head of this important railway marked the actual passing of this vital Chinese communication organ to Japanese control, a process with started in the fall of 1931 when the Japanese seized Mukden and cut the tracks of the railway on the outskirts of the Manchurian capital. The Japanese plan is to absorb this railway as well as the Peiping-Suiyuan line into the system of the South Manchuria Railway, long known as the Japanese "spearhead" in Manchuria and now serving a similar objective for Japan's imperialistic drive into North China. The Peiping-Mukden railway is about 550 miles long, but with branch lines and double tracks has a total mileage of 1,276. The Tongshan-Hsukochwang section was started in 1880; the total cost was $103,300,391, largely financed by a British loan. The Tongshan-Tientsin section was completed in 1888, the link between Peiping and Tientsin was completed in 1897 and the entire line opened from Peiping to Mukden in 1907. On Dec. 31, 1929 the British and Chinese Corporation, affiliated with Jardine Matheson and Company and the Jardine Engineering Corporation advanced a further loan £426,589 which was used for double tracking and installing a block-signal device. The railway, constituting the only land communication between Manchuria and China proper south of the Great Wall, was always highly profitable and the surplus revenues, prior to the Japanese seizure of Manchuria, were used to finance other railways and the Hulutao harbor development on the Gulf of Liaotung. When the Japanese occupied Mukden on the night of Sept. 18, 1931, they immediately began to interfere with the operation of the Peiping-Mukden railway and finally took over the section north of the Great Wall when the Japanese army occupied Chinchow at the end of 1931. The British authorities raised serious objection to the Japanese occupation, but finally concurred in the Japanese action when the South Manchuria Railway assumed financial responsibility for the payment of interest to British bondholders. But while the British bondholders were protected, the Japanese seizure of the railway was a serious blow to the leading British firm of Jardine Matheson and Company because it had long served as purchasing agents for the line. As a result Jardine Matheson was forced to close its offices in Manchuria and reduce its Tientsin office to a skeleton organization. When the Japanese finally take over the entire line and amalgamate it with the S. M. R. as now seems inevitable it will not only constitute a serious blow to British business but also will result in a number of British engineers losing their jobs. Japanese control of the P. M. R. also will, sooner or later, work havoc with the British registered Kailan Coal Mining Administration which depends upon the railway for transportation of its products to the seacost or to the Peiping and Tientsin markets. Since Kailan has always been a serious competitor of Japanese Fushun coal (owned by the S. M. R. in Manchuria) it is obvious that the Japanese will shortly eliminate this important British-Chinese interest either by purchase or "throttling" through control of the railway. A further Japanese reason for desiring to control Kailan is that the Kailan administration owns the port of Chinwantao, best open port on the north China coast.

—*From the St. Louis Post-Dispatch.*

Mussolini: "How Did You Get Up There?"

Creation of two puppet administrations south of the Great Wall and one north of the Wall, this one embracing most of Chahar Province, which the Japanese now call the Mongolian Autonomous Council with its capital at Changpeh about 30 miles north Kalgan, have created a situation of utmost gravity. It is no exaggeration to say that a situation approaching terrorism prevails among the Chinese, a terrorism exemplified in the public execution of some 40 Chinese political offenders and alleged bandits by the Peiping authorities shortly after the New Year. Some of those receiving bullets in the backs of their heads were labeled "communists," while others were credited with membership in Liu Kwei-tang's bandit gang, allegedly in Japan's pay, which is terrorizing the border between Hopei and Shansi. One of those executed, prior to the firing of the fatal bullet, shouted out, "I murdered

a Korean dope dealer." This brought applause from the crowd of some four or five thousand people who witnessed the execution, staged within sight of China's famed Temple of Heaven. The official technique in the conduct of executions in China has greatly deteriorated in recent years. In place of the old official executioner, long experienced wielder of the big sword who could neatly remove a head at one blow, China now uses soldiers and inexperienced ones at that. The victims with their hands tied behind them are required to kneel on the ground before a wall. Standing back of each with a cocked revolver pressed against the back of the neck of the prisoner stands a soldier. At an order from an officer there is pressure on the trigger and the execution is done! But it didn't work out that way in the recent Peiping execution. The soldiers, most of them youthful and inexperienced in revolver firing, and nervous, allowed their guns to "jump" so that the prisoner, instead of receiving a bullet at the base of the brain causing instant death, often received only a scalp wound, thus making it necessary for the executioner to fire three or four more shots, and converting the official execution into a gruesome murder.

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When Gen. Sung Chih-yuan became head of the Hopei-Chahar Political Council it was predicted that he would last three months, but the succession of "incidents" which developed immediately after the first of the New Year made it appear that the General might not last out the first month. It's all a matter of satisfying the Japanese overlords and that becomes next to impossible due to the number of them and diversity of their views. On one day recently there were ten high Japanese military officers in Peiping, all calling on Gen. Sung and offering him their advice on how to run North China. Then in addition to the advice, official and otherwise, there are the threats, spying activities and intrigue which quickly demoralize the best of Chinese administrations and make orderly government impossible. Most of the so-called incidents which keep General Sung busy making apologies to the Japanese, are due to clashes between the soldiers and under-officers of the Chinese and Japanese armies. There are rumors in Peiping that at least two divisions of General Sung's troops are on the point of rebellion due to refusal to take orders from the Japanese. While the element of regular pay is supposed to be the primary consideration in the life of a Chinese soldier, it is rumored that Sung's troops are becoming increasingly impatient at the enforced subservience to a Japanese force which is greatly inferior in numbers to the Chinese. This probably explains why the Japanese are so nervous and are demanding that the Tokyo War Office immediately dispatch a full division to North China. The whole situation is a powder-magazine with fuse set ready for a spark. Perhaps the blowup will come from rumored clashes between Chinese troops and the so-called "Manchukuo" army which the Japanese have dispatched across Chahar. General Fu Tso-yi, controller of Suiyuan and subordinate of General Yen Hsi-shan, has declared his intention of fighting in the event the Japanese force crosses the border from Chahar. This would be a good place to ignite the spark because the development of major fighting between the Chinese and Japanese troops on this sector would make it extremely difficult for the Soviet-controlled Outer-Mongolian army to keep out of it. The Japanese propagandists claim that the Japanese army is interested in creating a "united Mongolia." They may get it sooner than expected!

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Coming events cast their shadows before—in Peiping: A few weeks ago it was impossible to find any Chinese shop-keepers in Peiping who would admit they were handling Japanese goods. Now, according to a statement by a well known Chinese woman, the Chinese merchants nearly break their necks in handing out and trying to sell Japanese goods—in fact they are so afraid of being accused of not selling Japanese goods that they give the impression of being exclusive dealers in the commodities of Nippon . . . The Japanese military authorities in North China have adopted an interesting method of impressing the Chinese populace—they send army trucks, each with a squad of Japanese soldiers and well decorated with Japanese flags to all the small Chinese towns and villages and leave the truck standing in the principal street all day. The purpose apparently is to accustom the people to visible evidence of Japanese force, for the Japanese soldiers apparently do nothing except pose for the inspection of the multitude . . . The East Hopei Anti-Communist Autonomous Council, headed by Yin Ju-keng, has ordered a half million primary school text books which will be made compulsory in all schools within Yin's sphere of influence. The books were written under the supervision of the so-called Japan-Manchukuo Cultural Society and were printed by a Japanese publishing house in Manchukuo. They will replace all text books issued through the department of education of the Chinese Central Government, which, according to Japanese army officers, contain anti-Japanese "education". . . . . A Tientsin Japanese newspaper known as the *Keishin Nichi-Nichi-Shimbun* declared on Jan. 17 that the smuggling situation in North China was due entirely to the high Chinese tariff, hence the authorities of the East Hopei Anti-Communist Autonomous Council had decided it would be essential, in order to stop the smuggling, to cut the Chinese tariff rates by half, indicating an intention not only to seize the Maritime Customs revenues but to also to take over the sovereign power of making rates possessed by the Central Government.

Yellow River Rises—Embankments Crumble

The Yellow River suddenly registered a rise on Jan. 14, resulting in the crumbling of a large section of embankments at Changyuan, Southern Hopei, and the inundation of a large tract of land there.

Another appeal for additional relief funds was dispatched Jan. 15 by the Shantung Provincial Relief Committee to the General Relief Commission under the Executive Yuan. The petition stated that nearly two million people in the floodstricken areas of Shantung are in need of relief, of whom 400,000 are being given food and shelter at various relief camps.

JAPAN'S WITHDRAWAL FROM THE NAVAL CONFERENCE

BY CHARLES JAMES FOX

(in the North China Star)

JAPAN is withdrawing from the London Naval Conference, and to those who still needed it, she has given proof positive that an international attempt to limit the relative size of navies by treaty is doomed to failure.

In judging Japan's action, it is only fair to look at the situation from Japan's standpoint. After all, where is the logic, justice, or even common sense, in expecting Japan, which has made relatively more progress during the last few generations than any one of the world's nations, to sign a solemn international pledge that she will keep her navy unequal to those of her two great Pacific rivals, both of whom are also much interested in the Atlantic.

There are many Japanese still living who must remember, at least in a vague way, that on September 4, 1863, British, French, Dutch and American warships bombarded and destroyed Shimonoseki, and exacted an indemnity from Japan of U.S.$3,000,000; of which the United States received $785,000. In February, 1883, the United States, by act of Congress, repaid to Japan, this $785,000, without interest.

Today the modern Japanese Navy is greater than either the French or the Dutch, and Japan, by walking out of the Conference, practically announces to the world that she intends to have a Navy equal to that of either the United States or Great Britain. And Japan does not intend to be bluffed. The threat of a continuation of the Conference by four Powers including both Britain and Italy, who are openly discussing the possibility of a war between them, with France on the side of Britain, does not worry Japan in the least.

There isn't any real sense in trying to limit navies by treaties. When the world gets ready to renounce even aggressive wars, the high seas should be redefined and declared neutral, making it an act of piracy for a warship to molest any vessel on the high seas, or even to pass through the high seas to attack another nation; at the same time leaving to each country the absolute right to build defensive fortifications of its own shores, or possessions, to whatever extent the taxpayers will stand for.

CAN CHINA DEPEND ON INTERNATIONAL ASSISTANCE?

(Editorial in the Shanghai Shun Pao)

BECAUSE of the lack of support from the League of Nations, people of this country have lost all faith in the international organization. However, in the past few years, we have heard much of direct negotiation and Sino-Japanese rapprochement. What have we received from these measures? Year by year, we have lost more and more territory and sovereign rights. It has come to be realized by the Chinese people that without real strength, it is hard to talk about direct negotiation. For the preservation of peace, China must secure the support of other powers, and even if sacrifice is needed, it would be better to have international support, but when we see that negotiations bring no result, it is necessary for us to take into consideration the value of the assistance of the League of Nations, although fully aware of the shortcomings of said international institution. If we decide to utilize the League of Nations, active measures should be taken immediately in connection with the important member states of the League, including Britain, France, and the USSR. It must be noted, however, that the League of Nations is an empty thing. To make it effective, one must make connections with its important member-states.

Japanese Army Has "Double" for General Sung Cheh-yuan

Colonel Seiichiro Kita, chief of the China section of the Tokyo general staff, resembles General Sung Cheh-yuan, head of the Hopei-Chahar Political Council, so closely that Kita was frequently mistaken for Gen. Sung while traveling in North China recently. The resemblance of the two military officers is so striking that the *Asahi Shimbun*, leading Tokyo paper, recently printed the pictures of the two military officers and they appeared to be twins. This prompted the suggestion, according to the *Asahi*, that in the event it became necessary for Japan to remove Gen. Sung from office it would be possible to dress Col. Kita in Chinese clothes and have him serve in Sung's position.

Demands Made for Customs Revenue by New Regime in North China

Demands were made by the new regime in North China end of last week to retain the Maritime Customs revenue. Thereupon, Sir Frederick Maze, Inspector-General of Customs, instructed the Tientsin Commissioner that demands in this connection could not be entertained; and that such interference with the existing administration of the Maritime Customs would adversely affect the indemnity and loan services—for which his office is responsible.

Enormous Revenue Being Detained by North China Regime

As a result of incidents in the "autonomous" State of East Hopei, the Japanese authorities are stated to be discussing measures to cope with smuggling, which has reached large proportions. It is reported from Tangku that a motor-boat loaded with sugar and artificial silk entered Tangku in the night of Jan. 16 and was detained by the "rebel" peace preservation corps there. It is believed that the transfer of the activities of smugglers to Tangku is due to the preventive measures taken by the authorities at Chinwangtao and Changli.

It is reported that the East Hopei regime has issued revenue stamps and has prohibited the use of stamps issued by the Central Government at Nanking.

Interviewed at Tientsin Jan. 17, the spokesman of the Japanese military here estimated the income of the districts within the jurisdiction of the East Hopei "Autonomous" Council at $12,000,000 a year, of which, he said, $4,000,000 was, in the past, expended locally and the balance remitted to Nanking.

All revenue, he declared, would now be retained by the East Hopei administration, which would spend $2,500,000, on the maintenance of peace and order, and $500,000 for the development of the districts governed by the Council. The balance of $6,000,000, which, with the above-mentioned $2,000,000, would ordinarily have been remitted to Nanking, would now be spent on industrial development in the autonomous state. Therefore, said the spokesman Yin Ju-keng, chairman of the "Autonomous Council," who was starting to carry out these plans, was unwilling, for financial reasons, to link up his regime with the Hopei-Chahar Political Council. The spokesman estimated that the total revenue collections of Hopei and Chahar amounted to $148,000,000, of which, he declared, $102,000,000 was remitted to Nanking.

It is estimated that the revenue derived from the Changlu salt fields, which will now be retained in North China, amounts to at least $500,000 a month, although $600,000 is probably a nearer figure. It is understood that, of this total, it has been agreed to pay Yin Ju-keng $250,000 a month, which, added to the $100,000 which the Peiping-Mukden Railway is paying him for not interfering with the line, makes his monthly income $350,000.

Western Influence in China Annoys Japanese Colonel

China's alleged reliance upon Occidental powers was strongly criticized by Col. Hiroshi Nemoto, Chief of the Japanese War Ministry's Press Section, when he passed through Shimonoseki Jan. 20. "The thing that impressed me most deeply in China, whether it was Nanking, Kwangtung or Kwangsi, was her reliance upon the Occident. Even in securing news, Chinese readers prefer British or American publications to vernacular. Especially marked was this tendency in Kwangsi, where the British influence is dominant," Col. Nemoto asserted.

Hirota Asserts China Will Recognize "Manchukuo;" Hu Han-min Declares His Policies Remain Unchanged

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Japanese Foreign Minister Says China Sees Necessity for Recognizing "Manchukuo."**
2. **Rumors of Inner Mongolia Breaking Away from China Are Rife in Peiping.**
3. **Peiping and Taku Incidents Settled After Expression of Regrets by Gen. Sung Cheh-yuan.**
4. **"Manchukuo" and "East Hopei Autonomous Government" to Conclude Treaty of Amity.**
5. **Yin Ju-keng's Rebel Regime Will Retain All Revenues in East Hopei.**
6. **Communists Reported to Have Captured Several Cities in Kweichow.**
7. **Hu Han-min Declares His Policies Remain Unchanged**

In a forceful exposition of Japan's foreign policies, Koki Hirota, Foreign Minister, reviewed on the morning of Jan. 21 before the House of Peers the nation's relations with other powers, devoting especial attention to China, the Soviet Union and the United States, according to a *Domei* message from Tokyo. The Sino-Japanese relations occupied almost a third of the address, with Mr. Hirota giving the first official version of his "three point program" formulated last October. Mr. Hirota asserted that the Chinese Government "concurs" with his view for the necessity of the eventual recognition of "Manchukuo" by China, and that the two Governments have agreed to open negotiations on "Sino-Japanese rapprochement along these lines." The suppression of communist activities in East Asia and "the liberation of China from the Red menace were given by Mr. Hirota as matters of "vital importance" not only to China but to the world att large.

Agreement that the "three point programme," formulated by the Japanese Government early last October, must underlie the readjustment of Sino-Japanese relations, has been reached at a series of meetings between K. Hirota, Foreign Minister, and H. Arita, Ambassador-designate to China, according to *Domei* Jan. 18. The practical application of these three principles, the two conferees have reportedly agreed, must form the main subject of discussion at the Sino-Japanese negotiations proposed by the Chinese Government on December 27. Japan will also seek, the two officials further agreed, a special treatment of the problem of North China, because of the region's geographical proximity to Japan and Manchukuo.

Domei reported that Ting Shao-chi, Chinese charge d'affaires in Tokyo, called Jan. 20 on Mamoru Shigemitsu, Japanese Vice-Minister of Foreign Affairs, for an exchange of information and to stress the gradual suppression of the student agitation against the autonomy movement in North China as a result of the measures taken by the Nanking authorities. The conversation is also understood to have touched on the proposed Nanking conversations for a readjustment of the relations between the two countries. Mr. Shigemitsu told Mr. Ting that Japan was eagerly awaiting the presentation by the Chinese authorities of a list of subjects to be discussed. He also pointed out that the Tokyo government expected the Chinese authorities to take measures necessary to facilitate the holding of the talks.

JAPAN'S CHINA POLICY UNAFFECTED BY TOKYO'S WITHDRAWAL FROM NAVAL PARLEY

Japan's withdrawal from the London Naval Conference will not affect her diplomatic policy towards China, which will remain "unchanged." This statement was made by Yakichiro Suma, Japanese Consul-General in Nanking, at Kyoto Jan. 17 on his way back to his post, according to *Domei*.

"The attitude Japan would take towards China after the possible breakdown of the London Naval Conference has often been questioned," Mr. Suma said. "It will remain unchanged."

"There are some persons who think that the European Powers would take a more active interest in the Far East after the failure of the Naval Conference and the settlement of the Italo-Ethiopian conflict, if that is ever achieved.

"But no matter what attention they may give to the East, I do not see, how any country could complain against Japanese co-operation with China for the stabilization of the Orient," he added.

Chinese questions, Mr. Suma continued, had been given full consideration in the drafting of the Japanese disarmament proposals. Mr. Suma arrived at Shanghai Jan. 21.

"The Kwantung Army has no intention of allowing its policy of conquest to be over-ruled by Tokyo," the *News Chronicle* in London said Jan. 15 while commenting on recent Japanese movements in North China, according to a *Havas* message from London. "The policy of extreme compliance with Japanese demands recently adopted by Nanking is not succeeding. The aim of this latest policy of the Chinese Government is probably that of gaining time until the assertion of League authority in the Ethiopian dispute makes it possible to appeal again, and with more confidence, for League protection. Japan's reply is to seize so much of inland China while League energies are engaged elsewhere that she will be in a position to defy sanctions if and when they are at last imposed," the paper added.

RUMORS OF INNER MONGOLIA DECLARING INDEPENDENCE RIFE IN PEIPING

Peiping is seething with rumors that Inner Mongolia has proclaimed her independence, according to a *Reuter* report Jan. 18. It is stated on Jan. 16 Prince Teh, head of the Mongol Autonomy Council, and General Tso Shi-hai, commander of the Mongolian militia, signed and issued a circular telegram to the country announcing their independence from the Central Government. While details of the telegram are not available it is understood that its nature is indicated by the fact that it was dated "the 736th year since the birth of Genghis Khan" instead of referring to the "25th year of the Republic of China." It is also stated that Chungpei, 30 miles north of Kalgan, will be the capital of the new Independent Government. Another report declares that the increasing pressure brought to bear on Prince Teh by the Japanese resulted in his issuing the circular telegram.

Reuter reports from Peiping that the situation in connection with the reported declaration of independence by Inner Mongolia remains obscure. Troops under General Fu Tso-yi, Governor of Suiyuan, are still garrisoned at Pingtichuen and Fengchen, as well as Taolin, and south and north of these districts. No troop movements are reported to be going on. It is still not clear whether the reported declaration of independence was issued by the Mongol Autonomy Council, or whether Prince Teh lent his name to the circular telegram containing the independence announcement Semi-official circles in Peiping, however, declare that the telegram "is not so serious as first reported." Tachingmen, which is situated on the Kalgan-Urga road and near Kalgan, is reported to have been captured by Manchukuo troops, who are also stated to have occupied Shangtu, west of this road. The Peiping office of the Mongol Autonomy Council Jan. 19 declared that no news had been given by the Council.

A *Reuter* message from Peiping Jan. 20 stated that the report that Inner Mongolia has declared its independence from Nanking is still completely without confirmation. Circles in close touch with the Mongol leader, Prince Teh Wang, express emphatic disbelief that he has taken such an action. It must be borne in mind, the message pointed out, that the break in the Kalgan-Urga road and the lack of

news of events in Inner Mongolia can easily be explained by the activities of "Manchukuo" troops, who recently occupied six hsien north of Kalgan, as they are astride the roads from Kalgan and occupy Shangtu, 70 miles northwest of Kalgan and on the Suiyuan border.

At the same time, no word has been received in Nanking from the Peiping and Chahar Political Council or any other official sources concerning an alleged declaration of independence by Prince Teh Wang. A high official of the Executive Yuan, interviewed Jan. 20 by the Chinese press, expressed the opinion that the situation in Inner Mongolia was probably not so grave as first reported. He added that the Chinese military authorities in East Suiyuan had taken adequate precautions to cope with any eventualities.

A telegram from Kweihua, the capital of Suiyuan, denies the capture of Fengchen by Manchukuo troops, and adds that Chinese soldiers control the districts of Fengchen, Tsining, Hsinho, Taolin and Liangchen in East Suiyuan, and that their control remained unchallenged. Other Chinese telegrams from Kweihua purport to show that certain elements in Inner Mongolia are still friendly to Nanking. These state that the commander of the anti-Red forces of the Iehedzu League and representatives of Chahar and Inner Mongolia held important conferences with General Fu Tso-yi, Governor of Suiyuan, during Jan. 18 and 19.

Central News reported Jan. 18 that a detachment of Mongolian cavalry units numbering 2,000 has arrived at a point about 70 li from Pingtichuan in Suiyuann, without giving any explanation as to the object of their movement. As a precautionary measure against possible emergencies, military authorities in Shansi and Suiyuan have dispatched strong defending forces to the provincial borders. "Manchukuo" troops under the command of Li Shou-hsin now continue to push southward and captured Tachingmen, a town north of Kalgan. No fighting was stated to have occurred there, as Chahar troops stationed in that city withdrew to Kalgan without resistance. Tachingmen is an important center between Kalgan and Doloner.

PEIPING AND TAKU ISSUES SETTLED AFTER EXPRESSION OF REGRETS BY GEN. SUNG

The placatory attitude of General Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, who expressed regret over two recent "incidents," enabled the Sino-Japanese conference in Tientsin on Jan. 15 to end in a cordial atmosphere, stated a *Reuter* report from Tientsin. The "incidents" in question were: (1) The shooting affray at Chaoyangmen, Peiping, on the night of January 5, in which five Japanese soldiers and an officer are alleged to have been fired on by Chinese troops. The Chinese allege that the Japanese themselves did the firing. (2) The Taku "incident," in which Chinese troops are alleged to have molested the keepers of shops flying the Japanese flag. The Chinese alleged that the shops concerned belonged to Chinese drug dealers who established Japanese connections and adopted Japanese names in order to evade suppression by the authorities.

The spokesman of the Japanese headquarters announced Jan. 16 that the Chaoyamen incident had been settled, but said that the Taku affair was still outstanding.

Negotiations between the Chinese and Japanese authorities for the settlement of various outstanding issues in North China are proceeding smoothly in Tientsin, according to Chen Chueh-shen, managing director of the Peiping-Liaoning Railway in a press interview at Tientsin Jan. 20. Mr. Chen said that the abolition of the bogus East Hopei Autonomous Government has been decided upon in principle, but the question remains as to how the abolition is to be carried out. Maj.-Gen. Doihara of the Kwantung Army, according to Mr. Chen, is now in Peiping on private business, and will very shortly return to Tientsin to participate in the negotiations, of which a general and satisfactory conclusion is early expected.

Amalgamation of the "East Hopei Autonomous Council" with the Hopei-Chahar Political Council is understood to have been the principal subject of discussion during the recent Sino-Japanese negotiations, according to *Reuter*. One of the conditions for the proposed amalgamation was the inclusion of Yin Ju-keng, the rebel leader, in the joint body. The alleged intention of the East Hopei regime to recognize Manchukuo is rgarded as an obstacle to an agreement. The Japanese press asserts that amalgamation of the East Hopei and Hopei-Chahar councils in the early future is exceedingly unlikely.

REPORTED TERMS OF AGREEMENT FOR SETTLEMENT OF NORTHERN ISSUES

Latest Chinese press dispatches from Tientsin as quoted by the *Shanghai Evening Post* Jan. 18, of state that an agreebent has been reached between General Sun Cheh-yuan and Major-General Doihara, regarding the so-called Chaoyangmen "affair." The terms of the settlement, according to the reports, are:—

1.—The responsible Chinese officials be suitably punished;
2.—An official apology be tendered to the Japanese.

Regarding the Taku "incidnt," the Japanese insist that the "six demannds" be carried out. Nothing, however, has ever been mentioned in the press as to what these "six demands" concern.

The *Sin Wan Pao* report from Tientsin declares that General Shih Yu-san, formerly known as the "grey general," whose arrest is wanted by the Central Government, has indicated that he will accept the post as Commander of the Peace Preservation Corps in Peiping. He will make final plans with General Sung in Tientsin.

"MANCHUKUO" AND "EAST HOPEI" TO CONCLUDE TREATY OF AMITY

Nippon Dempo reported that as a result of the visit of Chuichi Ohashi, Vice-Minister of Foreign Affairs of the "Manchukuo" Government, to Tungchow on Jan. 10, the two governments of the "East Hopei Autonomous Government" and the "Manchukuo Government" have agreed to conclude a general agreement of amity. The diplomatic representative of the East Hopei Government called on Mr. Ohashi Jan. 10 and drafts of the agreement consisting of more than 10 provisions were exchanged, with only signing and other procedures left to be attended to, the agreement has virtually materialized.

The agreement has the following provisions in it:

1. The Manchukuo Government mutually affirm the sovereignty of the other.
2. The subjects of each country under the jurisdiction of the two governments have the common rights of domicile and trade.
3. Within the jurisdiction of the two governments the peoples of the two governments shall enjoy freedom of travel, intercourse, trade and commerce.
4. The convertible notes issued by the two governmentts shall be recognized for mutual circulation.
5. Specially intimate co-operation shall be pledged between the two governments for maintenance of peace and order in general and prevention of Bolshevization.

Despite persistent reports from Japanese sources that the Hopei-Chahar Political Council is not satisfactory to Major-General Doihara, of the Kwantung Army, and must be changed, the recent Sino-Japanese conference in Tientsin appears to have concluded without the Japanese suggesting any drastic changes in North China. *Reuter* reported that the Tientsin conference was satisfactory and that the Japanese are likely to leave General Sung Cheh-yuan and the Hopei-Chahar Political Council alone for some considerable time. It is also indicated that no hope is held that there will be any change in the near future in the status of the "East Hopei Autonomous Council." Yin Ju-keng's East Hopei Council, it is stated, remains the sole autonomous regime Major-General Doihara has been able to organize, and it is reported that the "Lawrence of Manchuria" will not easily bring himself to agree to see it swallowed by the Hopei-Chahar Political Council. Major-General Doihara is likely to remain in North China until Spring, acting to all intents and purposes as high adviser to General Sung Cheh-yuan.

Reuter learned that General Sung Cheh-yuan has now taken over control of all railways in North China as well as all salt fields, including those in the Changlu district, in the Demilitarized Zone. As previously reported, Yin will receive $100,000 a month from the Peiping-Mukden Railway in return for the abolition of the commissionn established by his council to supervise the section of the line that runs

through the Demilitarized Zone. In addition, he will receive a stipulated sum monthly from the Changlu salt revenue.

YIN'S REBEL REGIME WILL RETAIN ALL REVENUE IN EAST HOPEI

Reuter reported that the East Hopei regime has issued revenue stamps and has prohibited the use of stamps issued by the Central Government at Nanking. Interviewed January 17, the spokesman of the Japanese military in Tientsin estimated the income of the districts within the jurisdiction of the East Hopei "Autonomous" Council at $12,000,000 a year, of which, he said, $4,000,000 was, in the past, expended locally and the balance remitted to Nanking. All revenue, he declared, would now be retained by the East Hopei administration, which would spend $1,500,000, on the maintenance of peace and order, and $500,000 for the development of the districts governed by the Council. The balance of $6,000,000, which, with the above-mentioned $2,000,000, would ordinarily have been remitted to Nanking, would now be spent on industrial development in the autonomous state. Therefore, said the spokesman, Yin Ju-keng, chairman of the "autonomous Council," who was starting to carry out these plans, was unwilling, for financial reasons, to link up his regime with the Hopei-Chahar Political Council. The spokesman estimated that the total revenue collections of Hopei and Chahar amounted to $148,000,000, of which, he declared, $102,000,000 was remitted to Nanking.

The Japanese press in Tientsin declares that two motorboats from Dairen, while attempting to land smuggled goods recently at Peitaiho, were fired on by troops belonging to the so-called East Hopei Autonomous Council. S. Kawago, the Japanese Consul-General in Tientsin, has formally protested to Yin Ju-keng against interference by his troops.

NANKING PROCLAIMS REGULATIONS GOVERNING HOPEI-CHAHAR POLITICAL COUNCIL

Regulations concerning the organization of the Hopei-Chahar Political Council, issued in Nanking Jan. 18, provide, *inter alia*, that the Council consist of from 17 to 20 members, all of whom are to be appointed by the Central Government. The Council is authorized to organize three departments to handle its affairs namely, the secretariat, political affairs and provincial affairs departments. Article IX of the regulations empowers the Council to formulate legislative measures for local purposes and submit them to Nanking for approval, provided such measures do not conflict with laws enacted by the National Government.

The Foreign Affairs Committee of the Hopei and Chahar Political Council, with Chen Chung-fu as chairman, was officially inaugurated in Peiping Jan. 20. Liu Cheh, member of the Council, administered oath on behalf of Gen. Sung Cheh-yuan, Chairman of the Council.

NEW ADMINISTRATIVE CHANGES IN NORTH CHINA FORECASAED

Important changes in the personnel of the Chinese administration in North China immediately after the China New Year were predicted by *Domei* in a dispatch from Peiping Jan. 15. Gen. Chin Teh-chun, Mayor of Peiping, will be appointed Chairman of the Hopei Provincial Government, being succeeded in his present post by Gen. Hsiao Chen-ying, at present Mayor of Tientsin. The latter post would be occupied by Gen. Chen Chung-fu.

Reuters learned that General Sun Tien-ying, who revolted against the Central Government two years ago, in Ninghsia, has been designated by General Sung Cheh-yuan for the post of Commander of the Peace Preservation Corps in South Hopei. General Sung Cheh-yuan has telegraphed the Central Government recommending repeal of the order for the arrest of General Sun Tien-ying issued on the outbreak of his insurrection.

REDS CAPTURE CHENYUAN IN KWEICHOW PROVINCE

Official reports received in Canton Jan. 17 quoted by *Reuter* stated that Chenyuan, an important city in Kweichow province, fell to the Communists on January 7 and the Government forces are now in the areas of Shiping, Huangping and Yuching. Chenyuan was defended by General Kan Li-chu, who withdrew owing to the lack of reinforcements and the pressure of the outlaws. It is stated that 15,000 Reds advanced on Chenyuan by two routes and following an all-night engagement with the Government forces, entered the city on January 7 at daybreak. The defenders of the city used machine-guns to mow down the invaders but they were forced to withdraw owing to lack of a mmunition. Meanwhile, General Ku Chu-tung, Pacification Commissioner of Kweichow, has sent an appeal to Kwangsi and Hunan for assistance and General Chen Cheng is reported to have left Kweiyang, provincial capital of Kweichow, for the front in an attempt to hold back the advancing Reds. According to an estimate made in Canton by a member of the Fourth Army Corps, the Communists in Kweichow number about 30,000. They have 11,000 rifles, some light artillery and machine-guns but their ammunition supply is extremely low.

Military communiques reaching Changsha Jan. 17 report the recapture of Shengchi and Tungjen, two towns situated on the Kwichow border only a few miles from Hunan, by Government troops from the hands of Communist bandits. The communiques state that in the course of the battle at Machiatun, about 600 Red troops were killed besides the seizure by Government troops of a large quantity of arms and ammunition.

HU HAN-MIN ADHERES TO ORIGINAL IDEAS ON NATIONAL NEEDS

An enthusiastic welcome was given Hu Han-min, Chairman of the Standing Committee of the Central Executive Committee, on his arrival at Hongkong from Europe in the Italian liner *Victoria*. The veteran Southwest statesman was greeted by a large gathering of high government officials from Nanking and Canton, including General Chen Chi-tang, Commander of the Kwangtung Army. He declined to make any statement to newspapermen beyond declaring:

"Many of us have our own ideas of what is good for China. I know nothing better than the principles advocated by our late leader, Dr. Sun Yat-sen. I believe in these principles devoutly."

"It has been more than six months since I left China for the purpose of recuperating my health," declared Hu Han-min in an interview with newspapermen aboard the Italian liner prior to her docking.

"During the course of these months," he continued, "while I was not yet fully restored to health, I was constantly informed of the trying experiences and difficult problems which China encountered.

"The national crisis prompted me to return. Concerning what policies the Party and Government should pursue, I still hold the principles which I have already laid down in my many utterances and writings during the last few years.

"Briefly, the Party should restore the original principles. It should eliminate all its mistakes and errors of of the past in order that its unfinished tasks may be resumed and accomplished.

"On the other hand, the Government must be put to the test of responsibility and efficiency so that China can steam through the present crisis.

"With these principles, I consider we will be able to lend our duties to our people as well as our beloved leader, Dr. Sun Yat-sen.

"I regret to say that, during the past few months, I was unable to work as much for China as I wished. Yet, wherever I have been, I have accumulated impressions which some of you may be interested to know and which I will find occasion to make public in the near future."

Hu Han-min announced Jan. 15 that he would definitely proceed to Nanking, according to a *Reuter* telegram from Singapore, where Mr. Hu passed through that day on his way back to China. This announcement was made after Mr. Hu had met Dr. Wei Tao-ming, former Chinese Minister of Justice, who had been delegated by General Chiang Kais-hek to meet the returning veteran statesman. Dr. Wei

(Continued on page 289)

The War Between the Secret Services in Manchuria

BY THE REVIEW'S HARBIN CORRESPONDENT

THE ruthless war of secret services in Manchuria continues as bloody and unremitting as ever. There is no need to question the existence of this war — it is evident on all sides. The continuous arrests by the local authorities of persons allegedly implicated in spying activities in favor of a "certain neighboring country", as the U.S.S.R. is invariably referred to in all official declarations, is a sufficient testimony of the existence of this war. At present, several hundred persons of all nationalities, professions and ages are incarcerated in various detention houses of Harbin, all charged with or suspected of spying activities in favor of the Soviet Union and its army. As regards Japanese spying activities in Soviet territory, there is of course no definite information, but recent reports about the shooting of several alleged Japanese spies in Soviet Russia is sufficient evidence that the Japanese side is not idle, either.

A sensation was created here on New Year's Eve by the publication of an official communique purported to reveal widespread spying activities carried on allegedly by a section of the population in favor of the Soviet Union and its armed forces. The communique was issued on December 30 jointly in the name of the local Japanese Military Mission and the Gendarmery and throws light on alleged spying activities of over a hundred persons, mostly "White" and "Red" Russians, now under arrest and investigation pending a trial or perhaps outright execution. If the facts related in that official document are such as they are purported to be, then one has to marvel at the extent and efficiency of the Soviet secret service in Manchukuo territory.

The local White Russian population was almost taken aback by the "revelation" that one of its high priests, the Rev. Alexis P. Philimonoff, prior of the Sungari church in Harbin, was a spy. The contract concluded between the Rev. Alexis P. Philimonoff and the Consulate-General of the U.S.S.R. on August 28, 1935, reads as follows (quoted verbatim as every excerpt in this report);—

> "I, the undersigned, Alexis P. Philimonoff, do hereby agree to submit to the Consulate-General of the U.S.S.R. in Harbin regular information about the life and activities of the Russian Orthodox Church in the Harbin Diocese. All my reports shall be signed by the name of 'Russanoff'. Signed; Russanoff. Harbin, August 28, 1935."

A Priest Acts as Spy

After this arrangement, the priest appears to have lived for some time in Harbin, carrying on his usual ecclesiastic duties and also espionage activities. In October last the priest was sent by his "boss" in espionage, Mr. M. N. Meletsky, official of the Soviet Consulate in Harbin, to Dairen, allegedly for the purpose of worming himself into the confidence of Ataman G. M. Semenoff, the recognized leader of militant White Russians in Manchukuo, residing in Dairen. On the way to Dairen, the priest stayed at Changchun and Mukden, allegedly spying upon White Russians residing in those cities. Upon arrival at Dairen, he succeeded in interviewing Ataman Semeoff and generally appears to have carried out his espionage errand magnificently. Having returned to Harbin, he prepared a written report to M. N. Meletsky, excerpts of which, follow;—

> "Amongst White Russians, residents of Changchun, there is no popular activity of any kind. Occasionally, they stage amateur dramatic pieces in the premises of the local community school. Every year, the Russian population is checked by the police, for which purpose every Russian has to fill in a questionaire and to submit it to the police. There is no sign of any discrimination on the part of the police.
>
> "Nobody sees the Emperor Pu Yi. His palace is surrounded by a high wall. Nobody talks about him as if he were non-existent.
>
> "The Japanese police cannot be seen in Changchun—it camouflages itself so well. In any way, it is not conspicuous as the army of Chinese policemen is. Mr. A. A. Askorenko, Russian, formerly of the Russian army, works with the police. He is usually interviewed by Mr. Kaufman (of the *Report*), G. N. Shipkoff (of the *Harbin Times*) and reporters of the *Zaria* and other newspapers."

According to Philimonoff's observations, a remarkable change in the attitude of White Russians vis-a-vis Soviet Russia has taken place.

> "The sympathies of White Russians are wholly on the Soviet side. Nowadays, it is extremely easy to find friends of the U.S.S.R. In case of an armed conflict between Japan and the U.S.S.R. all sympathies will doubtless be on the Soviet side. It is safe to say that, in case of war and if there will be White Russian organization, they will not be reliable when used against the Soviet Union. Undoubtedly, the Japanese do realize it, nevertheless they support the Military Union, recently organized as a branch of the Bureau for Administration of White Russian Affairs, the aims and purposes of which are too apparent."

In Dairen, the priest got in touch with Ataman Semenoff and this is how he did it;—

> "While in Dairen, I succeeded in getting an interview with Ataman G. M. Semenoff. He lives in a resort near Dairen in his own bungalow. I learned from Gen. Nechaeff that Mr. W. S. Slutsky, his former *aide-de-camp*, maintains considerable influence over the Ataman, so I had to warm him up a little in the cafe 'Victoria,' whereupon he readily consented to introduce me to his chief.
>
> "In Dairen, I got acquainted with Gen. Semenoff, the Ataman's uncle, the chairman of the Bureau for Administration of White Russian Affairs in Dairen. I have a very bad impression of this man—he is of no use for active work. His secretary, A. F. Phedoseyeff, is an employe of the Dairen police. The duties of the Bureau are only the registration of White Russians, and, under such leadership, it can achieve nothing."

All this sounds like a page from a novel of adventure. In any case, the Soviet secret service may have some satisfaction (granting all that is stated is true) in having succeeded in placing one of their men, wearing the priest's cloak, before their arch-enemy for a chat. The Japanese communique states that this report was seized in Philimonoff's house, the police having apparently arrived before the report was passed by him to his confederates.

Meletsky Leaves Harbin Hurriedly

The Japanese statement further says that all these subtle activities in Manchukuo were directed by the above-mentioned M.N. Meletsky, of the Soviet Consulate-General in Harbin, who as soon as the police began to round-up his confederates hurriedly left Harbin for Manchuli, where he allegedly crossed the frontier in great haste.

According to this statement, the whole racket was brought to light through the arrest and subsequent confession of Mr. P. E. Kolpakchi, editor of the *Novosti Vostok*, a Soviet daily, closed by the police following the arrest of Kolpakchi and his reporters, in all, ten persons. It is alleged that Kolpakchi not only carried on propaganda of Communistic ideas through his subsidized paper but also was very active as a political spy. In this, it is stated, he was actively assisted by A. Deni-Denissoff (now editor of the *Novosti Dnia*, allegedly a pro-Soviet daily in Shanghai), and Messrs. E. Karukes and Nechkin, all now in Shanghai against whom the police is stated to be taking "due and appropriate measures." These people are stated to be journalists engaged in supplying the foreign papers of that city with information inimical to Manchukuo interests.

It is alleged that Soviet spies and stool-pigeons are sitting tight in all Bureaus for Administration of White Russian Affairs. One of these alleged spies, I.P. Kaznoff, was on the staff of the Harbin Bureau and used to report to the Soviet Consulate all activities of that body including its financial affairs. He used to deliver all his reports through a Lisienkoff, who upon the arrest of Kaznoff got away and now is said to be also in China.

The statement says that the entire staff of the *Novosti Vostok* was engaged in espionage. Of these a woman Zagheim by name, used to convey the reports of Mr. Kossovsky to Mr. A. Gaak, official of the former C.E.R., who allegedly controlled a separate branch of espionage system. After the departure of Gaak to Russia, these reports were being delivered to one Alexeyeff, official of the Soviet Consulate in Harbin.

The Soviet Trade Mission carried on economic espionage, it is said. Mr. Pebalg, the head of the Mission, is said to have been especially successful—he laid out a system of his own, designed to worm out information on economic resources of Manchukuo. One of his stool-pigeons, Mr. Kastelianz, employe of the Mitsui Bussan Kaisha in Harbin, reported about stocks of wheat, beans, rice and other primary commodities in Harbin and its district. One of his reports dealt—it is stated—with the effect created amongst the merchants of Harbin by the control of exchange, recently enforced by the Manchukuo authorities. He also had to report on the scope of commercial operations of such Japanese firms as the Toa Kagyo Kaisha, the Kokusai Unyiu Kaisha, etc. Once he reported on the output of alcohol by all the distilleries in Harbin and its district. The document says that Pebalg was assisted in these activities by the "secretary of a certain foreign Consulate in Harbin." It is alleged that Mr. V. Sapelkin, editor of *Finance, Commerce and Industry*, was one of these "economic" spies.

Further, the document reveals the methods used by Soviet spies for enlistment of secret informers (this probably refers to all secret services, however). It is stated to be a slow work, requiring careful initiating the would-be informer into the intricacies of the profession and lasts sometimes for months. At first, they give him an easy task, usually some dirty rumor, and see whether he will report it or not. To keep him in the system, not infrequently they resort to intimidation, threatening to betray him to the police.

In conclusion, the document states that "at present, the identity of all persons engaged in spying activities is known and they are not yet arrested only due to the desire of the authorities to give them opportunity to repent voluntarily, disclosing all their connections. The authorities, on their part, guarantee not to institute any proceedings against such persons, and their position in society will be secure. Their names as well as their depositions will be kept secret—they will not be made public".

It is not known how many Soviet spies have come to the Gendarmery in repentance. However, the facts related in the Japanese document are more than enough to show that the situation is charged with a full load of explosive which may go off at any moment. In this respect, much significance is being given here to the tension on the Outer Mongolian frontier, which will be covered in my next correspondence.

Harbin, Januray 13, 1936.

Japanese Oust U.S. in Philippine Cotton Market

Whether the United States finally relinquishes the Philippines, as provided in the independence act, is of no great importance to America economically, writes Chesly Manly, correspondent of the *Chicago Tribune*, who recently visited the Philippines on the occasion of the establishment of the Commonwealth. For the last five years United States imports from the islands have averaged $90,913,000, while exports to them have averaged only $57,907,000.

In 1933 the islands were the ninth best customer of the United States but they dropped to eleventh place in 1934. This was accounted for in large measure by the loss of the cotton goods market to Japan, due to the combined operations of the AAA and Bankhead cotton acts, with restrictions on American production, the pegging of prices and the cotton processing tax.

The islands have taken 30 per cent of all cotton textiles manufactured in the United States for export, but, whereas 72 per cent of all cotton goods imported by the Philippines in 1932 were from the United States, only 40 per cent constituted the American share in 1934.

The American percentage declined to 23 per cent in September of this year, while Japan's percentage jumped to 74 per cent. Last year the American state department entered into a so-called gentlemen's agreement whereby Japan was allotted a total of 45,000,000 square meters of cotton goods to ship to the Philippines, as compared with 43,000,000 shipped by the United States in 1934.

Already Japan has been accused of flouting the agreement, and the Philippine customs reports show that she exported 37,972,441 square meters to the islands during the first eight months of 1935. This would indicate a year's total of 57,000,000 square meters while the indicated total from the United States is only 36,000,000, square meters.

The Japanese have so entrenched themselves in the cotton textile trade that an American owner of a large department store in Manila handles no dry goods. Asked the reason for this, he unbuttoned his shirt to disclose a ribbed cotton undershirt, which would sell for 50 cents in the United States. He bought it, he said, at a Japanese store, for 30 centavos (15 cents.)

Japanese Strong in Retail Field

The economic infiltration of the Japanese in the Philippines has become more pronounced in retail trade since 1933, beginning with the Chinese boycott on Japanese goods. The latest authentic figures, for the end of 1933, show 56,355 Filipinos, 13,787 Chinese and 752 Japanese engaged in retail trade, but today there are almost that many Japanese retail stores in Manila alone. Even on the basis of the 1933 figures, the 752 Japanese stores handled a volume of business equal to the 56,355 Filipino stores.

The entry into retail trade represented the first expansion on the part of the Japanese outside of their hemp colony at Davao, in Mindanao Province. Having gained a foothold there during the world war by purchasing and from Americans through Filipino "dummies," to comply with the land laws, they now number more than 16,000. They own or control 85 per cent of the Davao hemp production, which gives them a monopoly for the islands as a whole. Besides hemp, they have rich coconut, copper and lumber holdings.

Recently the Filipino politicians have made a gesture of seeking to oust the Japanese from their land, contending that some 75,000 acres is illegally held. The Japanese, however, refused to get off, many of them having married Filipino women and raised families. A government agent served notice on 4,000 tenants, but the 50 constables in the province refused to do anything about it, for obvious reasons.

The American business men and industrialists in the islands are, as a class, violently opposed to independence. They fear their investments will be destroyed, not only by tariffs and trade restrictions which will preclude them from competing in the American market but by confiscatory taxes and crippling regulations.

The native tenants on the vast sugar and coconut estates owned by Americans are far better off than the farmers elsewhere on the islands. They live under a paternalistic system, with the estate providing schools, hospitals, transportation, markets, housing, etc., but it is a benevolent form of paternalism and the tenants appear to be contented.

Yet, in his speech accepting his nomination for president, Manuel Quezon declared in this connection:

"The ownership of big landed estates by corporations or absentee landlords has invariably caused discontent and unrest among the tenants or occupants of such estates. . . . Not only for the sake of these tenants, but also in the interest of peace, every effort should be made to acquire these haciendas at a fair and just price to be sold in small lots to the tenants."

The American investment in the islands totals about $250,000,000 and there are approximately 7,000 Americans here. There is no special provision for their protection in the new constitution, although it has a bill of rights and due process clause similar to the American ones.

The American business men feel that the United States should retain the islands and develop them industrially. At present there is a gold boom in progress, production having increased from 3,372,461 pesos in 1927 to 34,000,000 pesos (estimated) in 1935. These gold mines are in Luzon Province, but experts believe that far richer deposits will be found in Mindanao, where a prospecting placer miner can make a living on almost any stream.

Besides gold, there is an oil boom in Tayabas, where some 30 wells are being drilled, and the islands are rich in chromite deposits.

China Child Welfare Association Adopts Program for 1936

The seventh annual general meeting of the National Child Welfare Association of China was held in Shanghai Jan. 8 at the New Asia Hotel, Dr. H. H. Kung presiding. Dr. Kung said there is no country to-day that does not realize the importance of child welfare, for the intelligence and good citizenship of the youths of today are measured by the amount of energy and time that is spent in their education and welfare when they are children, and no modern nation can afford to overlook this fact.

Jabin Hsu, the general secretary, submitted his report, showing the activities of the association for the year ended December 31, 1935. These were briefly summarised under the following points: (1) observations on the inauguration of the National Children's Day and the National Children's year; (2) the delegation sent to the Congress on Family Education at Brussels, represented by Miss Ting Shu-ching; (3) handling cases of child protection; (4) relief of destitute children; (5) granting aid to other child welfare institutions; (6) work of the child welfare home in Tongshan Road; (7) the child welfare nursery in Yangtszepoo Road; (8) the Shanghai child welfare clinic in Chapei; (9) the child welfare sanitarium in Kiangwan; (10) the Chapei benevolent home; (11) conducting a child health contest; (12) medical assistance given to the children of other organizations; (13) publication of "Modern Parents" monthly; (14) broadcasting child welfare addresses; (15) distribution of reports of the National Conference of Child Welfare leaders.

A report on finances was given by Ling Kong-hou.

Mayor Wu Teh-chen, Mr. Hsu Hsi-yin, vice-president of the Inter-provincial Flood Relief Association, and Mr. Chen Liang-sen were guest-speakers of the occasion.

Mrs. Owen Roberts, the managing director of China Child Welfare, Inc., gave on account of her work in connection with the proposed Child Health and welfare centre in Nanking. She said she had been greatly impressed by the ability and earnestness of the trained personnel in different parts of China, their idea being to spend less on buildings and more on trained workers, and to build a centre which can be easily and inexpensively duplicated in different parts of the country.

Officers Chosen

The following officers and new members of the executive committee of the Association for 1936 were chosen:—Dr. H. H. Kung, president; Dr. R. Y. Lo, first vice-president; Mrs. Milton J. Helmick, second vice-president; Ling Kong-hou, treasurer; J.H. Sun, assistant treasurer; Miss Ting Shu-ching; Dr. Li Ting-an; Andrew V. Wu; L. D. Chen; S. U. Zau; George A Fitch; Dr. F C. Yen; Mrs. C. S. Franklin; Dr. Fong F. Sec; Huang Chen-chi; Mrs. Herman C. E. Liu; Mrs. W. S. New; Mrs. Neu Yung-kee; Lady Brenan; Hsiung Hsi-ling.

A Defence of the Concubinage System

BY T. S. YOUNG

I AM a monogamist, and have always believed in the virtue of monogamy. Neither has any one of the male members of my big family taken concubines. In looking at my family tree which covers the family history of ten generations for a period of more than five hundred years, I can not find any one of my male ancestors who ever kept concubines. I take quite a pride in this clean record. Therefore so far as my family is concerned, monogamy has become a tradition or even a sacred rule which has been religiously observed generation after generations. I must be excused for dragging my personal matters into the present discussions, but I find it imperative to clear up myself first, because I am afraid that my present article may be misconstrued as a defence of a polygamist to justify his own case.

Concubinage, as a system, has been practised in China for thousands of years. It has become a legalized and popular practice among the people who are rich enough to support such luxuries as concubines. How this system ever came into being, I do not profess to know; but I believe that our peculiar customs, traditions and social conditions have all something to do with making this system popular among our wealthy people. First of all, marriage in China has often been arranged not by the boys and girls themselves but by their parents. A man and a woman thus brought together by this lottery marriage have always found themselves incompatible with each other. Until recently, the marriage bond in China was considered as a sacred tie, which could not be dissolved by any means. In these circumstances, a man who is tied by an unsatisfying marriage has no other way to make amends for his misfortune than to take concubines as a part consolation to his life.

Secondly, our tradition that the most unfilial thing is having no male offspring has also lent much influence to the practice of taking concubines. This tradition even to this day when Chinese life is permeated with Western influence has still a firm grip on the minds of our people. So long as its potency remains, a man can use it as a reason or a pretext to take concubines, when and if his wife fails to give him a son. Among my Chinese school mates in the American universities, I know quite a few who have now kept concubines simply because of the reason that their own selected wives have not been able to bring forth male offspring. If the returned students from the big American universities can not break down this age-old tradition, its influence on the other Chinese can be easily surmised.

When the Concubines Run Away

And thirdly, a man, methinks, is a polygamist by nature, and can not be satisfied with one woman only. Besides, he is just as ficklemінded as a woman. As long as he is poor, he can not but be content with his own wife; but once he becomes rich, he will invariably use his money to "purchase" the love of women. Thus many of our big officials and wealthy merchants have kept as many concubines as they can afford. At the time of their death, their concubines more often than not run away with all of their lords' wealth. In the case of officials, it seems to be a sort of poetic justice that the ill-gotten wealth which has been so painstakingly "squeezed" by them from the people should be easily snatched away by their numerous concubines after their death.

In recent years, the cry against the concubinage system has become more consistent and eloquent, and an organized movement has been launched by educated women for its total abolition. Men in government services have been warned not to take concubines, and laws have been passed to impose punishment on the married men who commit adultery. This age-old system, we have been repeatedly told, must be abolished as soon as possible, because the Western people do not practise it and therefore its continuance represents a disgrace to our womanhood and a discredit to our country in the eyes of the Westerners. At the time when we are blindly following every Western fad from hand-shaking to dancing, it is quite understandable that we should look upon our customs and practices as anachronisms. It seems to be the general belief that we can not change the complexion of our country, unless we can totally throw over-board our customs and practices in favor of imported fads.

True, the Western people, in their writings and speeches, have been apt to single out our concubinage system as a convenient subject of ridicule. Hardly has a book of Chinese life been written by a foreign writer without dwelling on some tales about concubines. Wong Lung, the principal character in Pearl Buck's "The Good Earth," took a concubine after he had amassed a fortune, and Agent Ho, a Chinese merchant in Mrs. Alice Hobart's "Oil for the Lamps of China," maintained a harem of concubines. In the eyes of our foreign observors, a Chinese family would not be complete without concubines, and concubinage is a social evil monopolized by the Chinese people.

Outwardly, the Western people are monogamists, and the rich Americans and Europeans do not take concubines as wealthy Chinese do. But they have the advantage over the Chinese people in that: Once they get tired of their wives, they can fly either to Reno or to Mexico and secure prompt divorces; and as soon as they are freed, they can be married to their new lovers. In spite of this facility in securing divorce many of the rich Westerners, besides changing their wives as readily as in the case of their clothes in accordance with the season, have also carried on secret love affairs with other women, and lavished their wealth on their mistresses who are always referred to as "friends." It is a well known fact that many of the Western millionaires have maintained several establishments in accommodating their various mistresses. If there is any difference between taking concubines and keeping mistresses, it only lies in form, because a mistress is but a concubine in another name.

In both cases, men have looked upon women as playthings, and used their money to satisfy their lust. If the concubinage system should be considered as a disgrace to Chinese womanhood, then this practice of keeping mistresses can not reflect credit upon the Western womanhood. Why should the Western critics of Chinese life ridicule our concubinage system when many of their own rich people have perpetrated a practice which has the same evil as that of the concubinage system? If the concubinage system is bad, then the practice of keeping mistresses can not be good.

As a matter of fact, in comparison with the Western practice, there are many things to be said in favor of the concubinage system. A man, in taking a concubine, can not abandon her at his whim as in the case of a mistress. She enjoys a certain position in the family, although inferior to that of a wife. The children brought forth by her, just as those of a wife, bear the name of the family and have the same claim to inheritance. Therefore, a poor girl who is unfortunate enough to be taken as a concubine, will not have the fear of being left unsupported and uncared for, if she can be content with her sad fate and does not overstep the confines of decent behavior. In case of a mistress in Western countries, she has no status with the family. She lives in constant fear of being abandoned by her lover, and the children brought forth by her have often neither a father nor a name. The poor girls, who have spent the prime of their youth in making love to their "millionaire daddies" and maintained an extravagant living on their lovers' money, have often been left homeless and penniless, when the roses on their cheeks were gone. Thus from the humanitarian standpoint, the concubinage system can be compared favorably with the Western practice. If men can not be satified with one woman, and wish to posses as many women as their money can afford, why should they not take their loved women as concubines and give them a decent livelihood, instead of carrying on their love affairs clandestinely and declining to assume the responsibility of supporting the women whom they have abused and the children born out of their illegitimate relations?

Should we abolish the concubinage system at the present time, the inevitable result would be an increase in divorce cases and the introduction of the Western practice of keeping mistresses. In a country where chastity has been considered as the chief virtue of a woman and divorced women have often been ostracised from society, the grave consequences can be easily imagined, if our married men, being prohibited from taking concubines, should resort to divorce as an expedient to get rid of their unwanted wives. A man, as I have said before, is just as fickle as a woman, and he will be apt to take a new woman as his wife every once in a while as the Westerners have been doing. Then how about these divorced women, who can not remarry as the divorced women in Western countries can?

Girls are not born to be concubines, and they are compelled to be such because of unfavorable circumstances. At a time when our social prejudice is still very strong, the poor girls who have been the dancing partners and the inmates of sing-song houses have not the same chance of marriage as other girls. Because of their profession, they are regarded by society as being undesirable women to be the first members of the family. For the sake of saving themselves from starvation and destitution, they have no alternative but to be taken as concubines. If we should abolish the concubinage system without in the meantime eradicating our social prejudice, there are many girls who are marriageable but can not be married, and will be inevitably left in a destitute state.

The concubinage system may be bad, but it thrives in this country because of our peculiar customs, traditions and social conditions. In the eyes of foreign observors, this system may sound very strange, but it is nothing more strange than the practice of keeping mistresses. Human nature is the same everywhere. The white people and yellow people may do the same thing in different ways, but they have a common objective. In the present case, their common objective is to satisfy their own passions. That's that.

The North China Tragedy

BY C. Y. HSIEH

MUCH discussion has recently gone on about the status of Hopei and Chahar Provinces. Apropos of the problem the Central Government has assured the nation that the creation of Hopei-Chahar Political Council is a temporary expedient to meet a new local situation, and could not possibly impair China's sovereignty. This apparently is the view to which Dr. Hu Shih and his school of intelligentsia, among others, have subscribed. Against it is the more realistic view that the council is an autonomous regime in disguise, and autonomy under the aegis of foreign influence is nothing short of treason. It is along this line that students in the North have been arguing—a line of argument which is decidedly preferable to make-believe.

Furthermore, the worst apprehensions of the latter and more realistic view seemed to have been fully justified by events of the past month or so. North China today, in so far as its political, economic and finanical administration is concerned, has been cut adrift from the Central Government. And what is worse, the authorities that be in the North have shown by their words and deeds a greater readiness to be dictated to by Japanese filibusters than to listen to the exhortations of Nanking. When things have reached such a pass, should one be blamed for having entertained no illusions about the future of North China?

On the contrary, he who has China's interests at heart would do well to face the hard fact that another two provinces at least have been severed from her sovereignty by the Japanese. This poignant truth cannot be hidden by the apparent peace and tranquillity in which the new act of aggression has been committed. It is driven home, instead, in all the more bitter vein.

In making the foregoing observations there is no intention to gainsay the delicacy of the North China situation. To admit this fact, however, is not to justify non-resistance. Likewise, inferiority in arms should not preclude a recourse to other means of self-preservation. Unfortunately the arbitrary dispensing with regular diplomacy by highhanded tactics on the one hand is once more acquiesced in by lethargic complascency on the other. As it is, all that has happened is veiled threats of force by the aggressor, ugly intrigues of a few unpatriotic Chinese ready to do his bidding, and continued surrender on the part of the victim. It requires no alarmist to see that the signs of the times point to the imminent break-up of China Proper if the present tendencies do not abate.

Japan today need not make any apology for her motives. Their glaringly opportunist, nay adventurist, bent can no longer be camouflaged by hackneyed appeals to that inexorable logic of imperial expansion which is dictated by natural forces. It has been an open secret that while the Kwantung Army is outdoing the War Office, it itself is being outdone by a few daring spirits. This apparent decentralization, far from embarrassing, is most convenient. The soldiers "on the spot" are only too ready to strike out for personal exploits which as often as not bear fruits in national aggrandisement. That explains the usefulness of Major-General Doihara and his fellow plotters who act on their own initiative and responsibility, but when they have done their part, their home government always see to it that their work is not wasted.

Japan Jubilant Over Latest Conquest

Japan is now jubilant over the unexpected ease with which the latest conquest has been effected, because she sees in it another smooth stride towards Far Eastern hegemony. "Manchukuo" was not regarded as secure without a demilitarized zone to its southwest which in turn could have no peace unless its adjoining territory passes under Japanese control. So the expansion is on ad infinitum, until complete subjugation of China and direct clash with the Soviets become inevitable. Here, then, lies a potent cause for future catastrophe.

But whatever the future has in store, the tragedy must be staged. Being its adroit directors, the Japanese again reserve its leading roles to a handful of unpatriotic Chinese whose weaknesses they realize and do not scruple to exploit to the limit. They know only too well that in this country of weak national consciousness, personal interests come before everything else. And they are right. Witness General Sung Cheh-yuan, hero of the anti-Japanese campaign in 1933, now playing into their hands knowingly or unknowingly. Is it not an ironic connotation of General Chiang Kai-shek's remark in his foreign policy declaration that enemies of yesterday may be allies of today?

The position of such men as General Sung is easy to understand, though not so easy to justify. Jealous of their own personal interests, they have sought to perpetuate and aggrandise them by what they imagined to be ingenious devices. To them one of two ways is open, namely a downright protectorate under the Japanese by joining "Manchukuo", or a precarious regime set up and maintained by playing Nanking and Tokyo one against the other. In the present instance the latter formula seems to have been adopted. But whichever way is taken will lead to the same result—the further impairment of China's territorial and administrative integrity. It requires no foresight to say that it is the height of folly to try to outmaneuvre the Japanese who, once having driven a wedge, will never stop short of a complete cleavage. Furthermore, what chance is there that the part can do the very thing which the whole has repeatedly failed to do—namely, resistance against foreign aggression? So even granting General Sung's essential shrewdness, we have every reason to fear that his course, while causing great harm to his country, will also spell the ruin of his selfish interests.

The moral of North China's forced autonomy—to call it by the right name—is the extremely fragile allegiance of frontier provinces to the Central Government. Today it is Hopei and Chahar; to-morrow it may be Shansi or Shantung or the "Southwest." So long as local authorities are self-seeking militarists and politicians, the defence of China's territorial integrity rests on very shaky shoulders. The defection of North China is tragical in that it may herald the break-up of China Proper by the Chinese themselves, albeit at the instigation of the Japanese. The blame for it, though lying primarily with the local feudal-minded elements, must be shared by the Central Government.

It has been a fatal error of Nanking not to remedy the almost complete eclipse of North China as a political center of gravity following the Nationalist Revolution. The wisdom of removing the Capital from the then Peking has indeed been frequently called into question. But it is a minor issue provided due importance of North China always remains one of the guiding principles of the National Government. Instead of this being the case, the North started drifting apart and Nanking has done very little to arrest it.

First came the disastrous civil war of 1930 that left a wound which common adversities even failed to heal in due time. Then the steps taken by the central authorities to safeguard North China from external aggression were too feeble to build up political affinity which was firm and coherent enough. Rightly or not, the impression has gained ground that the fate of North China does not matter much to Nanking, so long as the Yangtze Valley is secure. By this I do not mean to condemn the policy of consolidating the central provinces and of stamping out the communist menace at all costs. But I do regret that the Government, busily engaged as it has been, should have done no better than leave North China to the irresponsible leadership of the so-called pro-Japanese politicians and let the situation drift until it got out of hand. I lament still more that once the crisis came, it was the safety of treasures and curios of the dead past rather than the sovereignty of a nation with a rightful future which apparently worried the central authorities. And I deplore most of all that the serious consequences of losing cities and territories which have formed the heart of cultural as well as political China did not seem to have weighed with the high councils of the nation. It is perhaps not too harsh to say that a government with such dispositions can ill stand up against the preposterous demands of a ruthless aggressor-state.

Tragedy May Repeat Itself

Yet what has happened to North China may be simply "the beginning of the end," as some observers have aptly put it. There is the dreadful possibility that the tragedy may repeat itself in quick succession in other parts of the country. What, then, should China do to save herself?

The answer is to be found in a statesmanlike solution of the problem of national unity. Unification through force has been attempted more than once, but failed in each case. I, for one, do not see any chance that it can and will succeed in the future. To me the genius of our race is more at home with compromises than with extremes.

Then again the formula of unification through centralized political structure has also been tried and found wanting. Many are the causes for the failure, but the chief one appears to be the lack of requisite psychological conditions for it. In the final analysis politics is in large measure the interaction of political personalities. So long as the relations between them remain unsatisfactory, unity would be impossible. This explains why the phenomenal assertion of authority by the National Government right after its advent has been followed by an equally phenomenal decline in that authority in so far as political area is concerned.

If the political experience of this country suggests anything, it is that the cause of unity would be better served by the adoption of two principles, to wit, reciprocity and impersonal powers. By the first is meant the gradual evolution of central authority through acts of "give-and-take" and of mutual confidence inspired and returned by Nanking and provincial administrations. The Central Government on its part should try to dispel the suspicions and jealousies of provincial authorities by taking greater interest in local welfare as shown in redoubled afforts toward reconstruction and toward meeting legitimate regional requirements. The local authorities on their part should reciprocate with stronger support of Nanking by surrendering powers which properly belong to it. In matters of foreign relations in particular, they should take pains not only not to embarrass the National Government, but to leave all diplomatic issues in its hands. This improved allegiance could not fail to invite further efforts of the central authorities to develop and multiply provincial enterprises, which in turn would inspire greater local confidence. And so the process will continue both ways until it builds up perfect unity.

The other principle—in adopting which the Central Government must be prepared to take the initiative—is the gradual substitution of impersonal for personal authority. Leaders of semi-independent local regimes have an alleged grievance that the

Central Government is a cloak under which some particular person or clique intends to achieve his or its own ascendency. The better part of the onus of disproof is on the central authorities who, if only for the sake of China's constitutional development, should try their best to dissociate their powers from their person and identify them with their office. Provided they can see their way through to it, they will have scored a great moral victory over their critics. In such a case it is safe to predict that local forces will quickly be drawn into the central orbit by the trend of events and public opinion, thereby removing the chief obstacle to national unity.

Glorious or inglorious history is now being made in China. The choice is up to her leaders. Will they make the right one?

What a Japanese Journalist Says of the "Aging British Lion"

In a signed article in the Tokyo *Kokumin*, Kinzo Gorai, a well-known Japanese journalist, dwells on the decline of Britain.

He says that Japan's development on the Asiatic continent is merely to make a friendly Power. In a more distant future, she must direct her eyes to the South Seas; she must seek southward outlets for her surplus population. As Britain reigns supreme in the South, the military power of that country deserves attention.

According to a certain French journalist, the writer proceeds, the British army and navy have both suffered a remarkable decline. It is little wonder that the shrewd Mussolini concluded that there is no need to fear Britain.

Before the world war, Britain had 69 battleships, but the number has now dwindled to only 15. Cruisers, which totalled 108 in pre-war days, have been reduced to 51. Destroyers and torpedo boats have decreased from 326 to 161, while the submarine fleet has fallen from 74 to 51. In short, the British navy to-day is 40 per cent less in tonnage, compared with pre-war days. On the contrary, the American navy has gained in tonnage by 130 per cent, that of Japan by 75 per cent, and that of Italy by 96 per cent. This Italian increase was a preparation for the present Anglo-Italian conflict.

What makes the British navy still weaker is that all ships are obsolescent. In one of his election broadcasts last year, Mr. Baldwin, the British Premier, said that of all Britain's battleships, only three were constructed after the war, the others having been built in the days when attack from the air was not taken into consideration. He emphasized the imperative need of making up defects in naval defence.

There has been a corresponding decline in personnel as well. British naval officers and men before the war totalled 146,000, the number has now been reduced to 91,000.

The British army makes as poor a showing. According to the figures made public by the British authorities, it consists of 203,000 officers and men as the 255,000 army of pre-war days. As one half of the British army is stationed in the colonies the number in the United Kingdom is only 110,000. Thus, the onus for home defence largely falls on the militia, who receive occasional military training, and who are not much superior to the Japanese firemen in country towns. The ranks of the militia have gradually become attenuated, until the number has been reduced from the 257,000 of before the war to 123,000.

Diminishing British Patriotism

Even more serious than the decline in the military and naval strength is diminishing patriotism among the British people. Both the British army and navy consist of volunteers, as there is no conscription, and the number who volunteer for both services is gradually falling off. It is said that the difficulty of securing new recruits has never been greater than it is to-day. The British army to-day is 2,000 officers and 35,000 men short of strength. There is also a 30 per cent shortage in the number of gunners in the fleet.

One main cause is the fact that the Government is giving a monthly dole to the 2,000,000 unemployed, for volunteers mostly come from the same strata. Additionally the growing feeling in student ranks hostile to the military is an eloquent testimony of the declining martial spirit among the British people. Two years ago, Cambridge students (? the Oxford Union) passed a resolution recording their firm determination not to fight for King and Country. Their example was followed by other students throughout the country. This defeatism is born of the conviction that there will never be another war.

In consequence of the difficulties of recruiting, soldiers are handsomely paid. Even a new recruit gets two shillings a day. Beautiful posters are to be seen everywhere, depicting a young soldier in a brand-new khaki uniform, with a football under his arm, with another soldier leaning against his rifle, waving his cap, and calling out: "There is still room for good behaved men." The pleasant side of military life is also set up below the picture; "Good food, comfortable habitation, fine uniforms, free education, and allowances for holidays," are promised.

Nor is this all. In the British army, besides the cost of clothing, all washing is done free. There are free haircuts and free shaves. A married soldier has additional allowances for the benefit of his wife, and for his children. Even a private soldier can live with his wife in the barracks. If he is sent to India, for instance, he can take his wife with him.

In spite of these inducements, few volunteer for military service, a fact which bears witness to the alarming decline in the martial spirit of the British people, Mr. Gorai concludes.

Japanese Army Will Expand Garrisons in North China

Augmentation of the regular strength of the Kwantung Army and of the Japanese Garrison stationed in North China has been definitely decided upon by the War Office authorities, and is likely to be carried out at the latest by the end of next year, it was indicated by the Tokyo Yomiuri Jan. 10. Expansion of the North China Garrison alone may be effected as early as next March, in connection with the regular army transfers announced at that period, it was said.

Although details were lacking, the newspaper said that already a perfect understanding on the question of increasing the strength of the army abroad has been reached between the Japanese army authorities in China and Manchukuo and those of the War Office here. Confirmation of this was revealed when a favorable report was submitted to the War Office by Lieutenant-Colonel Akira Muto, of the Military Affairs Bureau, who returned to Tokyo on Jan. 7 after undertaking an inspection tour of Japan's military establishments in Manchukuo and North China and engaging in a series of conferences with the garrison commands.

Both *Domei* and the *Yomiuri* stated yesterday that, in increasing the strength of the forces stationed abroad, full consideration will be given by the War Office to the wishes of the garrison commanders as regards details. Particular attention will be given in this connection to the wishes of the North China Garrison to conclude a military agreement with the Chinese authorities against the spread of Communist influence in that region.

The North China Garrison will not only be augmented in strength, but also will be improved in various technical ways to enable more efficient operation. The necessary funds for the increase will be drawn from the army's supplementary budget for 1936.

It was predicted by the *Jiji* that the strength of the North China Garrison would be brought to that of a mixed brigade.

Increasing the strength of the Kwantung Army is expected to take more time than that of the force in North China, but it is hoped it will be completed, at the latest, before the end of 1937. The proposed changes in the number of men and their formation will be considered more closely in relation to the army in Japan Proper but at present there is no intention at the War Office to create a special organ for drafting a plan in this respect, the *Yomiuri* said.

When interviewed Colonel Muto stressed that the new autonomous regime in North China has been established "with the object of promoting friendly relations with Japan and Manchukuo," and therefore deserved the closest cooperation from Japan. The series of incidents decidedly unfriendly toward the Japanese which had taken place in the independent region of North China recently, he said, should be attributed to the fact that the Chinese soldiers under General Sung Che-yuan have not yet fully realized the real intentions of their commander, and therefore they need not be taken too seriously.

Philippines Not Expected to Ask for Pact "Because of Humiliation"

A Tokyo Foreign Office spokesman recently told foreign correspondents in Tokyo that he did not expect the Philippine Islands to ask for a treaty among the Powers bordering on the Pacific guaranteeing its independence "because, it would be humiliating to do so." The question arose when the spokesman asked the correspondents what they thought it would be interesting to have Foreign Minister Hirota discuss in his annual speech to the Diet. Among the suggestions was the policy of Japan toward the Philippines following their independence. In commenting, the spokesman said: "We must renounce the idea of having other Powers guarantee the sovereignty and independence of other Powers."

It would be a different matter, of course, if the guaranteeing is done with the consent of the country concerned, he admitted. China gave consent to the nine-Power treaty, guaranteeing its integrity, but it was humiliating for it to do so. Thus he did not expect the Philippines to ask for such a treaty. Anyway, he concluded, the whole question is distant by 10 years, the period of the Commonwealth Government.

Filipinos Cancel Oil Leases of 31 Firms

In a swift and unexpected move Jan. 16 the Philippine Government cancelled 31 oil leases held by American and local companies, thereby deflating interest in oil activity which had recently reached the proportions of a boom. The Manila Government cancelled ten leases for oil exploration held by the Standard-Vacuum Oil Co., the Far Eastern subsidiary of the Socony-Vacuum Oil Co., Inc., and the Standard Oil Co. of New Jersey.

General Chiang and the Professor-Student Conference in Nanking

BY C. Y. W. MENG (孟 昭 泳)

ACCORDING to Instruction No. 2, the Ministry of Education was authorized by the Executive Yuan to call a meeting of university presidents, high school principals and respresentatives of the students, all over China, to be held in the Capital on January 15, "to listen to an explanation of the present situation in the country and the government policy to be adopted by the President of the Executive Yuan" and "to express the opinions of the students to the Government," so as "to attain uniformity of opinion between the Government and the youths through proper ways," and "to reach the aim of saving the nation by united effort." Accordingly, no less than 300 educators and student representatives assembled in Nanking for the purpose.

The Public Opinion of the Conference

The *Central Daily News*, the official organ of the Government and Kuomintang, in an editorial, "Welcome the University Presidents, School Principals and Students to Nanking", characterized the meeting as an unprecedented one in Chinese history, and as the only hopeful sign for the future of China. The paper then discussed the importance of the youth movement to the growth of every state in modern times, and concluded by saying that "we welcome them, for they have brought along with them their 'native products', namely the people's opinion, to Nanking; and in return, we hope they will bring back 'Nanking's native product', namely, the spirit and policy of the Government, founded on the Three Principles of the People, to their native districts."

In another editorial, the *Sin Min Pao*, one of the most outspoken papers in the Capital, in giving encouragement to the student representatives, said that the present movement has as its principal purpose the "emancipation of the people" and the "demonstration of our determination to concentrate our efforts to pull the country out of the crisis." The paper expresses its confidence that "by open-hearted discussion we are sure that the youths will be convinced, gratified, and will gladly return to their native places." But before concluding the paper urged the Government "to be open-hearted" and tell the people the following problems, such as: In What Way China Would Surrender to Japan: In What Way China Would Not; What Is the Limit; What Is Our Policy. Secondly, the paper further pointed out that "when once it is announced, the Government must live up to its words in order to hold good the principle of mutual belief and mutual trust, and to hold the confidence of the people."

Tai Kung Pao in an editorial expressed the opinion that the present meeting in Nanking indicated the growth of public interest in national affairs, or, in other terms, the growth of education in political affairs in China, which is so far lacking. Secondly, the paper continued that the meeting would do much good in bringing about the unity and solidarity of the spirit of the youth of the country. Thus, the importance and necessity of the present conference can be clearly seen.

Presentation of "Native Products" to the Government

Early in the morning of January 15, the 300 educators and students all dressed in Chinese long gowns, were motored to the famous Mausoleum to pay their tribute to the late leader of the Chinese Revolution. At noon, all of them were entertained by the President of the Executive Yuan, where only "boiling water" instead of wine was used to drink the health of each other. At 3 o'clock on the same afternoon, the first meeting between the President and the educators and students was held when the presentation of "native products" by the educators and students to the Government began.

While the President of the Executive Yuan received 89 university presidents and 78 high school principals at the Officers' Moral Endeavour Association, some 130 student representatives gave free expression of their opinions at a conference with Oong Wen-hao, Secretary-General of the Executive Yuan, at the Yuan auditorium.

Judging from the large number of speeches made by the student representatives, their opinions centered on three phases of the national crisis and could be summarized as follows:—

1. Internal Affairs: The opinion was unanimously advanced that drastic measures should be adopted for the punishment of traitors, and attention was drawn to the acute danger of the East Hopei, North China and South China situations in their relation to China's central authority.
2. Foreign Relations: Views were unanimously expressed that the Government should make public all diplomatic negotiations; should make plans for a well-balanced line-up in diplomatic representatives and should formulate a definite foreign policy on the basis of the preservation of territorial integrity.
3. Educational Problems: Suggestions were made for the formulation of a special educational program for the period of national crisis and extensive promotion of physical education. Opposition was voiced to the regional revision of school text-books without the approval of the central authority.

The other opinions expressed concerned mostly the existence of the Chinese people. It is interesting to note that the students expressed their anxiety not only over the situation in North China but also South China. The first meeting of the students and a high Government official lasted more than four hours. Before saying good-bye to the students, the Secretary General made a promise that he would present their "native products" to the President for the consideration of the Government under the Chiang Administration.

At the meeting between the President and the university presidents and high schools principals, the speakers included Dr. Hu Shih, Dean of the College of Liberal Arts of the National Peking University; Dr. Chang Po-ling, President of Nankai University, Tientsin; Dr. Herman Liu, President of the University of Shanghai; and Dr. Wang Hsing-kung, President of the Wuhan University, Wuchang. They declared that the student movement aimed at urging the Government to deal with the present crisis on the principle of preserving the territorial and administrative integrity of the nation, and expressed confidence that the Government would work for the welfare of the nation along these lines.

As to the student movement itself, the educators expressed the hope that the Government would co-operate with the authorities of the educational institutions in maintaining normal conditions for the training of the nation's youth.

But according to another report, Dr. Hu Shih, beside giving a full account of the student movement in Peiping in which he was quoted to have pointed out that the movement was entirely an "orderly and patriotic movement" and to have set some of the rumors to rest relating to the reported wounding and killing of the students, was also reported to have made "four suggestions" for the consideration of the Government. Another outspoken speaker is Dr. Chou Fu-chen, President of the College of Law in Shanghai, His speech was said to have been most inspiring and impressive.

Nanking's "Native Product"—General Chiang's Speech

At 3 o'clock on the next day (January 16), the second meeting took place where the educators and student representatives all met in the Assembly Hall of the Officers' Moral Endeavor Association to hear the President's speech, which might be summed as follows:—

1. The President explained the international situation in recent years, and also gave a full account of the Sino-Japanese negotiations.
2. The President told the 300 educators and student representatives that he "would never sign any treaty deleterious to Chinese territorial and administrative integrity; nor any secret agreement." "I can swear this! The people should all believe this! For the sake of preserving our national existence and in case of being driven to the extremity, the Government would not shrink from making a sacrifice!"
3. The President pointed out that replenishment of the nation's strength depends on the cultural and economic organizations. The university presidents, high school principals and student representatives were urged by the President of the Executive Yuan, in their patriotic activities, to observe discipline; to shoulder responsibilities, and to have confidence in the future of the Nation; but they should never be "played-off" by anybody. The speaker also cautioned the youths that they should not take such action as the destruction of school buildings or disturbance of social order. "Should all our people unite and put up an 'orderly struggle,' the national crisis would be over!" Then the President expressed his confidence and concluded his speech.

This is not the first time for us to hear such a speech from the President of the Executive Yuan expressing his faith and confidence in the future of the nation. However, by pledging himself "by swearing" not to sign any treaty nor any secret agreement deleterious to Chinese territorial and administrative integrity he did something which should be regarded as the most significant of all—which should have our attention and remembrance.

Professors' Manifesto

Before returning to their native districts the educators jointly issued a departing manifesto which distinguishes itself by its briefness in which they say:—

"We, the 164 University Presidents and High School Principals thoroughout 18 Provinces and Municipalities pledge ourselves to:

1. Support preservation of national territorial integrity; to have confidence in the Government and to oppose any secessionist movement,
2. Enforce a special educational program to meet the needs

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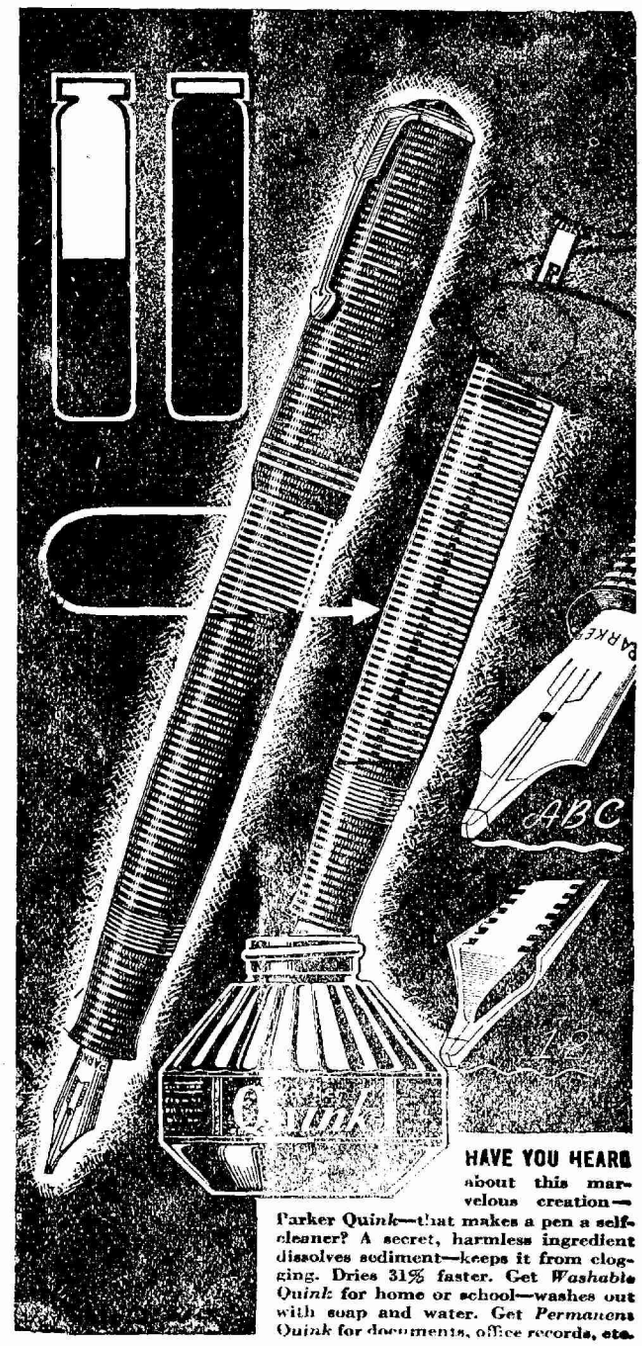

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of the present national crisis, and

3. Preserve the existence of our education; agree to control the student strike, and oppose any outlaw activities."

Lack of Publicity of the Discussion Is Regrettable

The above is all the information which comes to us concerning the two meetings between high Government officials and the educators and student representatives on January 15 and 16, each of which lasted no less than four hours. Judging from the length of the discussion and scarcity of information about the conference, we realize at once that what was published is apparently only a brief outline, obviously due to rigid censorship system which permitted the local papers to publish only what was released for publication. We do not understand the reasons for this lack of publicity.

During the second meeting, the President of the Executive Yuan was reported to have delivered a long speech lasting no less than three hours. In this speech, the President was further reported to have given a long account of Sino-Japanese negotiations, which, undoubtedly, everybody is anxious to know. But only about 150 words of his 3-hour speech were published. Problems, such as the reported removal of the schools in the North to Nanking, the revision of text-books for school use, etc., were said to have been explained by the Minister of Education during the meeting. But we heard nothing about it. The educators and student representatives were reported to have submitted many written memorandums expressing in detail their opinions of the situation, but none of them was released for publicity. The present censor system, which is irrational indeed, needs some change.

In fact, to us, this conference, though, in name, it was a conference between one high Government official and the educators and student representatives, yet nevertheless, it was really a conference between "the government and the people." It is because not only the youths who have started many patriotic activities, but also the elders as well as the intelligentia and other classes of Chinese are equally deeply interested in the conference. Indeed, such a conference should, in fact, have been opened to the public, so as to give equal opportunity to all classes of people in the country "to listen the explanation by the high Government official," and "to express their opinions to the Government." It was our suggsetion before that such a conference should be enlarged to include more people, and to name the conference the "Chiang-People Conference" instead of the "Chiang-Professor-Student Conference."

We feel that inasmuch as we could not have the privilege of attending the conference and hearing the speech of the official in person, we are entitled to know more fully through the press the opinions of the educators and students, the detailed report by the official, and the result of the conference. As stated above, the present student movement is the youth movement which is taking place everywhere is the world. The revival of the student movement in China is one of the most hopeful signs of national recovery. By giving more publicity to the present conference, the Government would do much in encouaging the movement, in telling the whole world that the Youth Movement in China is growing rapidly today and that the Chinese national feeling is burning. Any outside aggression is bound to meet stiff resistance from the Chinese. So there is no reason why so little publicity about the conference was given out.

Nanking, January, 18, 1937

Students in South China Protest Against Japanese Imperialism in North China

(BY THE REVIEW'S SOUTH CHINA CORRESPONDENT)

PATRIOTIC clamor against the autonomy movement in Hopei and Chahar and the puppet regime at Tungchow under Yin Yu-keng has found new expression in the southern students' anti-Japanese imperialism in Canton. Under the leadership of the students of the Sun Yat-sen National University in Canton, an education institute receiving direct subsidies from the Nanking Government, a number of minor street demonstrations in which the students openly denounced Japanese imperialism and aggression in North China were held in Canton during recent weeks. While Japanese consular officials undoubtedly maintained a closely watching attitude over these movements, which will ultimately lead to the renewal of the anti-Japanese boycott in southern China, they only made a few vigorous verbal protests to the municipal government.

As on each occasion of their demonstration the students avoided the foreign settlement in Shameen, the Japanese residents were actually not perturbed by this noisy movement. It is reliably learned that most of Canton's Japanese residents and merchants are residing within Shameen. Inside Shameen are located also the numerous Japanese firms, residences and other concerns owned by nationals of this country. The only exception is a Japanese hospital and a Japanese drug-shop, which are both situated outside Shameen.

Military Leaders' Precaution

Conservative military commanders under Gen. Chen Chi-tang, the young Cantonese officer who commanded the army, navy and air forces, have been much worried recently over the repeated clashes of interests between the Japanese rice and bean smugglers and the Swatow Maritime Customs and Chinese Police there. The latter had on a number of occasions seized smuggled goods, which subsequently were found to be owned by Japanese subjects, mostly Formosans. In each case the Japanese consular officials protested to the Canton officials, who duly made concessions and restored the goods to the Formosans rather than allow the incident to develop into international complications.

For this reason and because of the Shameen Japanese Consul's vehement protest against the students' demonstrations, General Chen Chi-tang last week-end decided to take stern measures against the patriotic students. Through the Chancellor of Sun Yat-sen University, General Chen Chi-tang has warned the students that in carrying out their patriotic movement they neglected much of their valuable class work. As an the alternative the Commander-in-chief suggested to the students that they should spend their time in military training instead of shouting and distributing handbills in the streets against the Japanese. The students were further surprised by the official announcement that the South-west Political Council, the highest political authority of Canton had organised the National Salvation Volunteers Corps. The idea of this corps is to encourage the boys and girls from the universities and middle-schools to carry out their patriotic movement in a more orderly manner. The most unusual feature of this corps is the fact that General Li Shu-chung, Commander of the Provincial Gendarmes. has been appointed concurrently to act as Commander-in-chief of this students' corps. Their headquarters will be located at the campus of the Sun Yat-sen National University at Shekpai, Canton Suburb.

It is promulgated that all students attending schools who have a desire to indulge in anti-Japanese imperialism propaganda can join this corps for some form of military training. But it was further explained that whether the students join or not their conduct will be controlled by this army organ. This organ will be governed by a military council, which has a majority of spokesmen for the Army. In name, therefore, this organisation takes on the appearance of an anti-Japanese society, but as it will work out it will more like a straight-jacket for the unruly. In other words if the students desire to indulge in demonstrations in the streets, permission of the National Salvation Volunteers Corps must be sought first. To satisfy the more extreme elements of the students the army officers assure them that even under the corps anti-Japanese propaganda of a milder nature may be permitted.

Students' Strong Reaction

On the morning of January 13 when all students were informed of the inauguration of this army-controlled National Salvation Corps, the more extreme elements of the students hurriedly called an emergency conference among students of the Middle-school attached to Sun Yat-sen University, Middle School of Kuomin University, the Municipal Second Middle School and other educational institutions at 7 a.m. Among the participants were found many young girls. The students assembled first at the campus of Kuomin University at Lai Che Wen Road, when final instructions were given to all demonstrators to keep in order before marching through the main roads and to government offices. As the paraders were leaving Kuomin University outside the entrance of this institute they were encountered by a motor-car fully loaded with plain-clothes detectives.

First impressions among the students were that these men came to join their parade, as on top of their motor-car was found a banner with the following words: "Anti-Traitors Society of Canton." But when the students found that these were detectives sent to watch their movement in the parade, strong resentment was shown by the boys and girls. After a short argument in which hot words were exchanged, a free fight ensued. The presence of the young girls and their shouting for assistance added much to the pandemonium. The few detectives were soon surrounded by the thousand odd youngsters.

A scene of extreme confusion and excitement followed and the many scores of Chinese shops along the road hurriedly put up their shutters to avoid all goods being smashed by the contestants. The next ten minutes or so saw the arrival of another motor-lorry loaded with armed detectives. The new arrivals joined the fight and remonstrated with pistols with which they fired at the student mob. This had the effect of dispersing the students after another half an hour's rioting. It was not until after the departure of the two motor-cars of plainclothes men that the students returned to the scene of encounter to pick up their wounded commades.

The final roll-call indicated that an undergraduate of Sun Yat-sen University was missing. Five students were seriously wounded, including two girls, and over thirty suffered injuries of a minor nature. The afternoon was busily spent in conveying the wounded to the Yu Woo Hospital near the scene of the fighting and to the Ling Nan University branch Hospital near-by. For this reason the parade had to be postponed for the time being. But in the afternoon the student leaders again assembled and marched to the South-west Political Council.

Outside this highest organ of the South-west Government the students found that the authorities were quite prepared for such a visit. Two fire-engines with a number of hose on display and a contingent of gendarmes armed to their teeth were found standing by for emergency. But the students' demand for an audience with General Chen Chi-tang, Chairman of the Council, was politely accepted. Inside the Government House the students were led to see General Chen Chi-tang and Chow Lu, Chancellor of Sun Yat-sen University.

Young Patriots' Demands

The students therefore made known their grievances and complained of the armed interference against their orderly demonstration against the loss of the five northern provinces involving 100,000,000 of China's populace. First of all the students demanded the immediate release of the 30 missing students, whom they believed to have been taken away by the Police. They complained that one of their comrades had been killed and asked for the return of his corpse. To these two demands Chen Chi-tang explained that as far as he knew none of the students had been arrested, while he promised to make a full investigation concerning the missing student, believed to be dead.

The Council Chairman further expressed his willingness to punish the armed men who broke up the demonstration and told the students that such outrages would not be repeated.

Despite the seeming satisfaction of the students over the official assurance, the Government on the same evening enforced the most strict martial law of the past four years. The officials expressed the apprehension that apart from genuine students, other foreigners might be mixed among them to further interests of other parties other than that of the patriots .

As the Sun Yat-sen University pupils were leaders in the movement which has now spread to Kongmoon and other interior districts of Kwangtung, a full regiment of troops was sent to the University campus. The next morning on Jan. 14 found all students in all universities and schools abandoning their classes. Blaming themselves for not being able to curb the unruly students thereby leading to the tragic bloodshed, Deans in all departments of Sun Yat-sen University resigned their positions. Their resignations were followed by a similar step taken by Mr. Chow Lu, the popular Chancellor. It is interesting to note that the latter is Mr. Hu Han-min's chief political liteutenant. Mr. Chow Lu represented the Kwangtung Government at the recent Fifth Kuomintang National Congress in Nanking.

While in Nanking he successfully obtained the Central Government's consent to give a donation of about $3,000,000 to further the improvement of Sun Yat-sen National University in the South and to complete the new school buildings at Shekpei. Mr. Chow Lu was actually offered the post of President of the Nanking Examination Yuan, but this he declined. His resignation from the University and that of the Deans of the faculties are expected to be rejected by the Kwangtung Government. In his statement Mr. Chow Lu said: "I must hold myself responsible for the students' activities. I have failed to check the students' action despite my connection of several years with the University. The Government must uphold its dignity in meting out condign

75-310

punishment for my inability to restrain excessive agitation of the undergraduates."

Students Deserting Canton

The great discontent of the students over the Canton Government's disapproval of their patriotic movement is shown by the hurried departure of hundreds of Canton students for the British Colony, Hongkong. A careful enquiry shows that about 200 students left for Hongkong on January 13, shortly after the bloodshed on Lai Che Wen Road. A party of 100 boys and thirty girls left the city by the steamer Suitai the following morning on January 14. Each of the trains coming into Hongkong brought one or two hundred students. The estimated total of arrivals in Hongkong is about 1,000.

The students told newspaper correspondents that they intend to send circulars all over the country exposing the destardly measure of the Canton detectives in assaulting the girls during the demonstration on Monday. They blamed the officers' firing with pistols for the subsequent confusion and stampede in which the girls suffered the most among those seriously injured. One of the girl students said that many of the injured went home for treatment which accounted for only five reported seriously hurt.

Upon their arrival each student was scrutinised by the Hongkong Police, who examined all their luggages and books fearing that similar anti-Japanese riots may take place in the Colony, as the authorities recall undoubtedly the tumultuous riots in the Japanese residental district of Hongkong in September 1931, when Chinese mobs, incensed by the occupation of Mukden by the Japanese, attacked Japanese residences and shops.

News from Canton on January 15 stated that the military gendarmes instituted a systematic search for arms and ammunition alleged to have been possessed by the students. All schools and colleges in Canton were visited and searched by the gendarmes. Students were subject to close interrogation for hours. A large number of pistols, licensed or otherwise, have been seized.

Meanwhile the authorities' effort to persuade the youngsters to join the National Salvation Corps has met with most disappointing results. When they were prevented from continuing anti-Japanese propaganda work the students quietly left for Hongkong or the interior districts, where the authorities are not so strict over parades and lectures on streets against the autonomy movements in Hopei and Chahar. Strong contingents of troops were still placed outside all government buildings, in particular near the Police Headquarters and military offices. At night all approaches to these concerns were obstructed by armed troops with fixed bayonets. The British Consular officials have warned British subjects not to enter the native city after eight o'clock at night in order to avoid the unpleasant experience of being searched all over by Chinese gendarmes. Similar warnings have been issued by other foreign consuls advising the foreign residents to return to Shameen early at night.

Hongkong, January 15, 1936.

Sir Frederick Leith-Ross Answers Questions at Hankow

Sir Frederick Leith-Ross, Chief Economic Adviser to the British Government, was guest of honor at a banquet given by G. S. Moss, British Consul-General at Hankow Jan. 17, at which prominent Chinese politicians and bankers were present. To the questions asked him, the British financial expert answered as follows:

(1) His investigations of economic conditions in China along the various coastal cities have been completed, and he was now conducting inquiries in the interior regions.

(2) Sir Frederick expressed amazement over the rapid, phenomenal success of the Chinese currency reform measures, and voiced the hope that the Chinese government would maintain a solid economic structure and maintain public confidence in its program.

The stability of society was emphasized by Sir Frederick who was of the opinion that especial attention should be paid to the realization of a peaceful livelihood for the farmers.

(3) Regarding tariff questions, the British adviser believed it better not to increase Customs duties to higher levels, because Chinese industries depend upon raw materials from foreign countries.

(4) Sir Frederick believed it would be of benefit to establish a Sino-British Economic and Trade Association for the promotion of better trade relationships between the two countries.

(5) Economically and technically, Sir Frederick saw the possibility of Great Britain helping China in reconstruction measures.

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A. H. Driscoll, Former A.O.F.C. Official, Turns State's Evidence, Testifies Against Frank J. Raven

A. H. DRISCOLL, former secretary and treasurer of the defunct American Oriental Finance Corporation, was called as a government witness at the trial of Messrs. Raven and Brown at the U. S. Court for China Jan. 16. District Attorney Watson formally entered a *nolle prosequi* against Mr. Driscoll, who then, in answer to Dr. George Sellett, special prosecuting assistant, gave evidence against his former colleagues. Mr. Driscoll had been included in the original indictment.

Witness explained the inner workings of the "combine." Singleness of control was effected, the witness revealed, through the medium of a so-called Executive Council in which Mr. Raven was the dominating figure. This Executive Council was constituted as the result of a resolution adopted by the board of directors of the American-Oriental Finance Corporation held on January 7, 1932 and consisted of representatives of the several companies. Mr. Driscoll was the secretary of this Executive Council from the summer of 1932 until May, 1935, when the Raven pyramid crashed. It was the practice of the A.-O.F.C. to open margin accounts for the personal friends of Mr. Raven who had dealings with the Raven Trust Company and to accord them special undermargining privileges. These accounts were carried in the A.-O.F.C. ledger, not under the names of their real operators, but under cipher numbers, which ensured that the names of the operators would not be known publicly. Such accounts were headed in the ledger "R. T. Co. Account 110-I.2," "R. T. Co. Account 117-C.1," and so forth. Several of these account sheets were handed into Court by Dr. Sellett and identified by the witness. Witness related how the group was controlled by an executive council, not members of the boards of directors of the various concerns; how the Raven Trust Company kept secret accounts under numbers and through which accounts or trusts individuals speculated on the New York Stock Market; he related the details of the tedious process of getting the shares of Maurice Benjamin valued at about U.S.$60,000, out of the A.O.F.C. margin account with E. A. Pierce and Company into the safekeeping account, and how the A.O.F.C., through a very roundabout method, financed a stock brokerage house in New York known as Hedges and Price.

When C. V. Starr Did Most of the Talking

Resuming his testimony Jan. 17, Mr. Driscoll gave details of the meeting of many of Shanghai's leading business men in the home of James Mackay, manager of the local branch of the National City Bank of New York, on the night of May 23, 1935, to discuss the position of the Frank Jay Raven enterprises. The meeting was attended by the Messrs. Mackay, Raven, H. Sandor, a director of the A.-O.F.C., H. W. Weyler, of the A.-O.F.C., J. Kleffel, manager of the American-Oriental Banking Corporation, A. E. Schumacher, manager of the Shanghai branch of the Chase Bank, C. V. Starr of the Asia Life Insurance Company and other organizations, J. E. Swan, partner of Swan, Culbertson and Fritz, M. Speelman of the International Savings Society, and Driscoll, who was an official of the A.-O.F.C., A.-O.B.C. and Raven Trust Company. The meeting lasted from 9 p.m. to 1 a.m. "After much discussion," Mr. Driscoll said, "the people present felt they were not prepared to do anything to assist the companies. Mr. Starr did most of the talking. I don't remember that Mr. Raven took much part in the conversation."

Dr. Sellett:—During the period you were connected with the A.O.F.C. do you know of any instances in which the board of directors took action against the opposition of Mr. Raven?—No.

Cross-examined by Mr. Evans (counsel for F. J. Raven), witness stated that he did not recall Mr. Mackay, at the meeting on May 23, saying in conversation to F. J. Raven anything about his belief, or otherwise, in the solvency of any of the Raven Trust Companies.

Did someone urge you to take action to have the Benjamin shares put into safe-keeping?—No, I wrote a letter on my own initiative. I had been pressing Mr. Brown to set aside those shares for some months.

Do you recall any other instance, other than the Benjamin case, when any client or customer of the Finance Corporation requested that shares be put in safe-keeping, and the request was not carried out as promptly as the routine requirements would allow?—I was only familiar with the accounts of the Finance Corporation which were the accounts of the Raven Trust Company. I cannot say as to other accounts. Personally, I do not know of any.

Re-examined by Dr. Sellett:—Was there ever any difficulty between the auditors and the company officials regarding the form of balance sheet to be certified to at the close of the year's business?—Yes, in the early part of 1935 there was quite a discussion concerning the balance sheet of 1934. The principal item of controversy was the question of how the sum of money that had been used by the Finance Corporation to finance the partnership of Hedges and Price should appear in the balance sheet of the Finance Corporation. It appeared in the Finance Corporation's books, according to the auditor, as a loan to the Raven Trust Co., and the auditor wanted to show, in a memo at the bottom of the balance sheet, that the Raven Trust Co., was indebted to the A.O.F. Corporation in the sum of G.$130,000. I objected to that, Mr. Brown objected to it, and Mr. Raven objected to it, and there was considerable discussion, over a matter of weeks, as, if it was included in the balance sheet in that particular way, the balance sheet would reflect what was contained in the books. Mr. Sturrock (of the auditors) was familiar with the whole transaction, and knew that it was an investment transaction and not a loan at all: he knew from other information, other than the books of the Raven Trust Co., that the Trust Co. did not owe the Finance Corporation G.$130,000.

Do you recall any item referred to in the minutes of a stockholders meeting of the Finance Corporation, while you were its secretary, which figured in a controversy?—Yes, the auditors wanted to raise some objection to an item of Tls. 135,000 paid as honoratium to Mr. Raven in January, 1932, and required that it either be shown on the balance sheet, or be approved by the stockholders. Neither alternative was adopted by the interested parties, but the money was returned to the American-Oriental Finance Corporation.

Raven Borrowed from Bank to Pay Corporation

Do you know where Mr. Raven got the money to return to the Finance Corporation that G.$135,000?—He borrowed the money from the A.-O. Bank, and the Finance Corporation guaranteed its repayment to the bank.

Did the bank receive any security, other than that guarantee, so far as you know?—No.

Was any effort ever made to control the value of the shares of the Raven group, particularly at periods near the end of the year?—At the end of, I think, 1933, common "A" shares of the Finance Corporation were bid up, so that the market value reached a little over $29, and those shares were largely held by the Raven Trust Co. I believe that was done to improve the value of the A.O.F.C. Corporation's "A" shares.

A Former Treasurer Gives Evidence

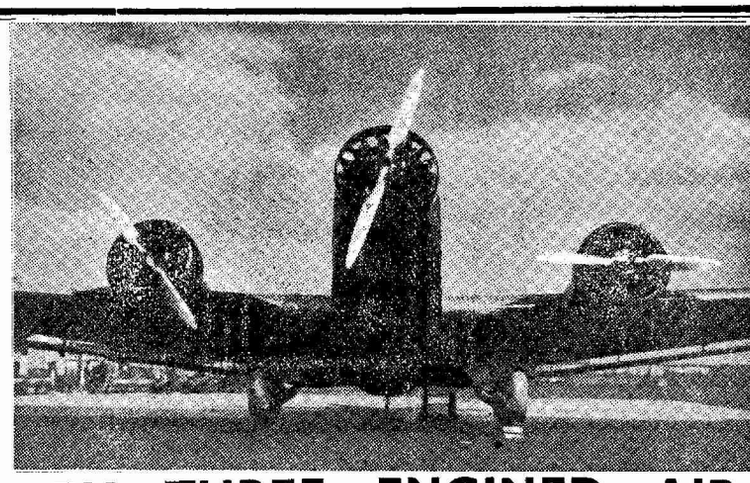
George Rosse, former high-salaried stock salesman, employed by the American Oriental Finance Corporation, testified that his services with the company had been dispensed with after he had repeatedly discussed the matter of safe-keeping accounts with officials of the concern and had raised other points of objection during the course of his employment with the firm. Mr. Rosse stated that he came to China in 1912 and had been associated with the University of Nanking for three years and later with the Chinese Government Postal Service. He declared that he joined the Raven combine in 1931. His first job was with the Associated Advertisers and he joined the A.O.F.C. in August 1932, he said. He drew a salary of $2,000 per month, the witness stated, and spent his first six months with the finance house learning the business and acting as a salesman. He declared that he became treasurer of the A.O.F.C. in 1933, but that he was treasurer in name only. "It was an empty title," he said. In the summer of 1934, he went to Mr. Raven and informed that official that he didn't wish to continue as treasurer. He said he told Mr. Raven he wasn't satisfied with matters, and added that he presented the Raven Trust head with a memorandum suggesting changes in "the set-up" of the company. Witness, continuing, said Mr. Raven informed him a few weeks before Christmas. 1934 that it was best that "we part company." Mr. Rosse admitted that he had a stock trading account with the A.O.F.C. at the time he left the company and that the account was on the debit side of the ledger for about U.S.$2,000, the amount he would have lost had he been sold out at the time. He continued that he ceased working for the company right after Christmas although he drew salary paid up until June 1, 1935. He had a contract, he declared.

A.O.F.C. Never Had Credit Balance with Pierce & Co.

Carleton C. Curtis, of the San Francisco stockbroking firm of E. A. Pierce & Co. gave evidence at the sitting Jan. 15 that there was never a credit balance in favor of the American-Oriental Finance Corporation prior to the closing of the offices of the Corporation on May 23 last.

In reply to Dr. Sellett witness said that his firm had received information by cable from the Shanghai office of the A.O.F. Corporation as follows: "Raven group voluntarily in liquidation. Cancel all our buying orders. Discontinue market report." That cable was received prior to the opening of the market on May 24. Upon receipt of that information E. A. Pierce & Co. proceeded to liquidate the debit balances in the ordinary manner—liquidated on May 24 the A.O.F. Corporation in Shanghai of all their market and commodity open positions, and all open and commodity positions with the Hongkong office. They did not act in respect of the Manila office, as they had received a cable from them requesting that they hold off liquidating the positions as they wished to transfer to some other house.

Dr. Sellett (to Mr. Curtis):—Since your arrival from the U. S., in Shanghai, have you ever spoken to either of these defendants?



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—Not to Mr. Raven, but Mr. Brown came to the boat and spoke to me; he also telephoned and asked me to the races shortly after I arrived, but I declined stating that I was a witness for the Government in this case, and that I preferred not to be seen in his company until after the case was over.

Haley Says He Warned Both Raven and Brown

Cletus Joseph Haley, a former employee of the A.-O. F.-C., at present living in San Francisco, whence he was brought to give evidence, called by Dr. Sellett Jan. 20, related how in the latter part of 1934 he made a written report to Mr. Raven (with copy to Mr. Brown) in which he spoke of a "dangerous condition" existing with regard to "safe-keeping stocks." In that report he pointed out that there were approximately G$150,000 of stocks "fully paid up belonging to customers, and if anything should happen which should compel Pierce to liquidate any of our holdings, to protect their interests, it is just possible that some of these fully paid-up shares would be disposed of."

Mr. Rosse, continuing his testimony, Jan. 19 said that in the summer of 1934, during the absence of the Messrs. Brown and Raven, the A.O.F.C. offices were managed by Hugo Sandor and himself until a Mr. Weyler was introduced as having charge of all financial matters. Mr. Rosse said he was under Mr. Sandor. Mr. Raven, he said, presided at the monthly A.-O.F.C. directors' metings.

Cross-examined by C. S. Franklin (for J. W. Brown) on how the A.O.F.C. handled the fully paid up shares of customers, Mr. Rosse said he first learned in October, 1933, when Mr. Brown was in Japan, that such shares were not kept in safekeeping.

When Mr. Franklin asked him whether Mr. Brown had not pointed out the inconvenience of putting paid up shares in safe-keeping, the high cable costs, the interest saved, etc., Mr. Rosse agreed that some of the items had been pointed out. Mr. Brown's explanation, he said, seemed satisfactory at the time.

Theatrical Man's Daughter Prohibited from Landing at Kobe

Miss Leonora Strok, 18-year old daughter of A. Strok, well-known manager of overseas musical and theatrical performances, after spending the New York holidays in Shanghai with her sister returned to Japan to resume her studies at the American School in Neguro Jan. 12. Because her passport visa was not perfectly in order, she was prohibited from landing at Kobe. Despite the intervention of her perents who live in Tokyo, the prohibition order was confirmed. The *Jiji* said: "With Japan, her parents' residence for five years, before her very eyes, Miss Strok must now go back to Shanghai. Mr. and Mrs. Strok proceeded to Kobe to explain the situation to the authorities."

Random Notes on British Policies and Politics

BY HARRY J. GREENWALL

London, January.—The accurate timing of the Japanese offensives in China should be the envy and admiration of all golfers and cricketers. The precision of the Japanese military executives when arranging to carve off yet another slice of China when the great powers of the world have their attention centred elsewhere is nothing short of marvellous.

At the moment of writing the war clouds hang low over Europe. The New Year opens in an atmosphere of nervousness. The storm may yet break.

In Great Britain, the prestige of the new National Government has fallen low, and the possibility of another General Election during 1936 must not be ruled out. I understand Sir Samuel Hoare had discussed Far Eastern policy with his colleagues in the Cabinet. Permanent officials in the Foreign Office view the situation in China with increasing gravity. Yet, nobody knows what Anthony Eden's personal ideas are concerning Japan. It is impossible to look into a man's mind, but in the case of Mr. Eden it is legitimately possible to make logical deductions based on the personal stand he has taken in world affairs.

It is certain that the majority of the members of the League desired collective action against Japan when she stole Manchuria. It is often said in British political circles that Mr. Eden would make a first-class Socialist Foreign Secretary, but Mr. Eden was elected, although with a very diminished majority, as a Conservative, but he is a Conservative with a League complex, and his personal feelings are wholly in favor of collective security, which means putting an aggressor on the spot. It is, I think, fair and just to judge that Mr. Eden's policy in the Far East will not be pro-Japanese.

At the moment of writing Mr. Leith-Ross is in Nanking. His presence in China undoubtedly gave the Chinese Government the self-confidence necessary to snap its fingers at President Roosevelt's Silver policy. Leith-Ross has transmitted several reports in Sir Alexander Cadogan's diplomatic valise, but the contents of these notes will never be made public. There is evidence, however, around the Foreign Office that as soon as the European situation clears there will be an announcement in the House of Commons of the British Government's attitude towards Japan and her ever deepening inroads into China.

Japan's Bonded Indebtedness Is Now Ten Billions

THE outstanding balance of Japanese national bonds at the end of last year was Yen 9,580,891,000, an increase of Yen 929,980,000 over a year ago, according to the Tokyo Finance Ministry.

Classified, whereas domestic issues mounted by Yen 965,-397,000, foreign issues declined by Yen 35,418,000. The drop in foreign loans was due to the Government's purchase of sterling issues for redemption purposes.

Together with Yen 421,500,000 rice notes in circulation, the foregoing brings the Government's bonded loans to Yen 10,002,-391,000.

Japan's Trade with Manchukuo and China Shows Favorable Balance

Japan's trade with China, Manchukuo, Hongkong and the Kwantung Leased Territory in December amounted to Yen 93,-725,000, with the exports exceeding imports by Yen 885,000, the Finance Ministry announced in Tokyo Jan. 16. The favorable balance of Japan's trade with the named countries for the year amounted to Yen 271,659,000, showing a gain of Yen 30,625,000 as compared with 1934.

Kanegafuchi Spinning Co. Makes Enormous Profits

The Board of the Kanegafuchi Spinning Company has decided to recommend a 25 per cent dividend—the same as before —for the second half of the year at the general meeting of shareholders on Jan. 23.

According to the rough statement of accounts released by the Board, the Company made a profit of Yen 8,656,000, of which Yen 1,500,000 will be deducted for writing-off purposes. Together with the Yen 15,157,000 brought over, the net profit was Yen 22,313,000.

Mitsui Steamer to Carry More Japan-Siam Passengers

The enlargement of passenger accomodation aboard the Mitsui Bussan Kaisha's Japan-Siam liner *Nachi Maru* to care for the ever-growing traffic between the two countries has been decided by the shipping department of said firm. When the work of remodelling is completed next March, the vessel will be able to carry 50 instead of twelve passengers as at present.

Suspect in Police Hands Takes Poison in His Cell

Yukichi Okuwa, 23-year-old employe of a paint dealer in Kamakura-cho, Kanda, held at the Nishiki-cho Police Station in Tokyo on a charge of abetting the suicide of a girl friend, was found lying unconscious in his cell Jan. 9 and died soon after. Examination revealed that he had swallowed a cyanide compound. Police believe that the suspect had the poison concealed under a finger nail, and that he took it with a drink of water which he asked for shortly before he died. Detectives were mystified by the death, however, as Okuwa had been closely searched before being sent to his cell.

Regulations strictly forbidding the unauthorized transfer of cyanide compounds to a third party were issued by the Metropolitan Police to pharmacists, druggists and dyeing industry guilds Jan. 11 the *Kokumin* said, due to the rapid increase in the number of crimes involving use of this poison since the murder of an Asakusa school principal in Tokyo on November 21.

Consul-General Suma Proceeds to Nanking

Yakichiro Suma, Japanese Consul-General in Nanking, left Kobe for China on Jan. 19, carrying with him instructions to urge the Nanking Government to present definite proposals for the readjustment of Sino-Japanese relations to be discussed at the projected conference. Japan's reply to the Chinese request for a conference will be given, *Domei* stated, only when the Government is convinced of Nanking's "sincerity in seeking to readjust the relations between the two countries." Mr. Arita, who accepted the proffer of Ambassadorship to China a few hours after his return from Belgium, has been entrusted by the Japanese Government with the task of conducting the negotiations, Gaimusho circles believe. His appointment as Ambasssdor to China is expected to be gazetted sometime next month, after the return to Tokyo of Mr. Ariyoshi, the present Ambassador.

Japan Has a Small Standing Army, Tokyo Avers

Japan, with about 250,000 officers and men, has the smallest standing army among the eight leading military powers of the world, the Tokyo War Office announced last week. Her air-force is also numerically the weakest, with seven nations ahead of her. This survey, which was generally interpreted as being designed for consumption in Japan on the eve of the reconvening of the Diet after the New Year's recess, gave China the largest land force with 2,250,000 men under arms besides about 200,000 so-called Communists.

Soviet Russia was credited with possessing the second largest army consisting of 1,600,000 men. These include 690,000 regulars and cadres for militia; 660,000 militia reserves; 160,000 G.P.U. forces and a patrol force aggregating 90,000 men.

The U.S.S.R., with 4,500 airplanes shares with France the first position in the size of air fleets.

France was given third place in the list of armies, with 600,000 men under arms. Her colonial forces were estimated at 190,000.

Germany followed with 550,000 men, while Great Britain with 350,000 was given the fifth rank. Included in this number were besides 152,000 regulars, an Indian Army of 60,000 and an overseas force of 125,000 men.

Italy's land forces were estimated at 350,000 with a regular colonial army of about 50,000. Changes caused by the Ethiopian campaign were not mentioned.

The United States with a regular army of about 137,000 and a national guard of 190,000 men ranked before Japan.

The United States and Germany with 2,500 military airplanes each, were second in air power, while Italy and Great Britain, with respective forces of 1,500 machines, were third. Japan, the survey said, has 1,000 army craft.

In mechanized units, Japan was again numerically the weakest with the exception of China and Germany. The latter's strength in so-called "new weapons" was said to be unknown.

Unification Movement Is Begun in Japan Army

A movement for the unification and strengthening of the Japanese Army, in an effort to offset the rumors of factional strife in military ranks, has been inaugurated by officers of various ranks. The sponsors of the movement reportedly declare that in view of the tense situation created by Japan's withdrawal from the London Naval Dis-Armament Conference, Soviet military preparations and the unrest prevailing in China the need for such a movement is apparent. Political circles paid serious attention to the movement, in view of the dissolution of the Diet.

Japan Prepares to Report Natural Calamities

An instant mobilization of all cable, wire and radio facilities immediately following a natural calamity to gather and convey information is provided for in a measure announced by the Ministry of Communications in Tokyo Jan. 20.

The ordinance instructs all local postal authorities to secure information on the extent of damage in their districts, with the co-operation of local police, meteorological observatories and other agencies. Their reports will be summarized by city post offices for transmission to Tokyo.

Cabinet Cancels Tax on Canadian Goods

The Tokyo Cabinet Jan. 17 confirmed the cancellation of the retaliatory Surtax on Canadian goods which went into effect on Jan. 1.

Peruvian Legation Denies Complicity in Customs Frand

A fine of Yen 19,000 was imposed by the Japanese Customs at Yokohama, Jan 17 upon the Curnow Co., importers of food and provisions, on the grounds that the company allegedly used diplomatic immunity to avoid paymen's of duty. Customs officials said that Legation officials pretended to make large importations of liquor intended for Legation consumption. The Peruvian Charge d'Affaires called upon the protocol department of the Foreign Office and denied that he personally was involved in the case.

Hirota Stresses "Three-Point" Program in Diet Address

China's acceptance in principle of his "three-point" program for the readjustment of Sino-Japanese relations received much attention in the address made by Koki Hirota, Foreign Minister, in the Japanese Diet Jan. 21. Japan and China, the Foreign Minister stressed, can be friends only by the faithful and complete observance of the three rules which he expounded to Gen. Chiang Tso-pin, then Chinese Ambassador to Japan, in an interview on Oct. 28 last year.

His plan comprises:

Positive aid by Nanking to a scheme designed to place the relations between the two countries on a firm and amicable basis.

A formula for co-operation between China, Japan and Manchukuo in the development of North China, and

A program for a common front among China, Japan and Manchukuo aiming at the prevention of the spread of Communism in Asia.

As regards the Soviet-Manchukuo border, Mr. Hirota, declared that, while Japan is prepared to discuss with the U.S.S.R. all issues at stake, she hopes to see the gradual withdrawal from the Siberian frontier districts of the huge concentrations of Red troops. The elimination of these massed forces, the Japanese government holds, is the most effective means to bring about an amicable settlement of the present tension.

The Japanese Government, he said, is particularly anxious to consolidate its relations with China and the U.S.S.R. so as to aid in the sound development of Manchukuo, with which Japan now has unbreakable political and economic ties.

In conclusion, Mr. Hirota asserted that in spite of her withdrawal from the London Naval Conference, Japan is firmly determined to promote friendly relations with all the Powers. To achieve this, the Japanese people, must strive to maintain the nation's present status as the only stabilizing force in the Far East, a position, which, he added, is being gradually recognized by the foreign nations.

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"Clipper" Mail May Reach Macao By End of This Month

Air mail from the United States to Manila, which has proven successful by flights of the *China Clipper*, will soon be capable of entension to the mainland of China, according to a press report emanating from Macao, near Canton. Arrangements are being made by representatives of the Pan-American Air Services at Macao for the inaugural flight of the American airclippers, and construction work is being carried out rapidly on the necessary meteorological station to provide data for the service, which is to be commenced at an early date. An anchorage for flying boats in the outer harbor is being prepared with the assistance of the Macao Government, a splendid landing place being chosen for the "Clippers." The site for the planes to land their passengers is within the anchorage of the New Port, just facing the seawall of the Port Works Reclamations; and the site for the workshops and offices of the Pan-American Airways has already been chosen.

No information is available regarding the date of the first flight, but it is generally believed that the plane will reach Macao before the end of the present month. It is also stated that a special commemorative postage stamp, or set of stamps, will be issued at Macao in honor of the first flight.

Lincoln Elisworth, noted American explorer, who had been missing since he set out on November 23 to fly across 2,000 miles of the Antarctic from Dundee Island to Little America, is alive and well, according to a message received Jan. 17 by the London Colonial Office from the master of the Royal research ship, Discovery II, which had been ordered to the Bay of Whales to search for the missing aviator.

Six Japanese Army Planes to Make Japan-Mukden Flight

With the avowed purpose of inuring Army pilots to low temperatures and testing the performance of planes in sub-zero weather, six army scouting planes will leave Tokyo Feb. 10 on a circuit flight linking Kagamigahara, Seoul and Mukden. The flight will be personally supervised by Wing Commander Sadao Takeuchi, Commander of the Second Air Regiment. The itinerary of the flight provides for a brief refuelling stop in Seoul and four days of intensive training in Mukden.

Glider Flying Makes Great Progress in Soviet Russia

Glider flying in Soviet Russia is being pushed forward with extreme energy and has resulted in the construction of several quite unique types of gliders, Recent tests brought to the fore one large glider which, with a wing spread of 28 metres, is able to carry 16 presengers.

A Japanese Airplane Which Lost Its Way, and Came Down in Russia

Mr. Hirota, the Foreign Minister, invited Mr. Yurenev, the Soviet Ambassador, to the Tokyo Foreign Office Jan. 13 and asked for the return of the army plane, with its pilots, which made a forced landing near Nikolsk several days previously. The machine was flying from Kungchuling for Harbin when it lost its bearings and was forced to land in Soviet territory. Two special sergeant-majors were piloting it. The Soviet Ambassador promised to convey Mr. Hirota's request to the Moscow Government. Negotiations in this regard will be held between the Japanese Consul-General at Vladivostok and the local Russian authorities.

Postal Remittance and Savings Bank Reports Satisfactory Year

The report of the Postal Remittances and Savings Bank for the 23rd fiscal year, embracing a period from July 1, 1934, to June 30, 1935, records a satisfactory state of affairs and indicates national progress. The report points out that if it dealt with Shanghai alone there would be little that was encouraging but as the Bank operates throughout the country with its widespread network of offices, its activities are more a reflection of general conditions as only an insignificant part of the volume of business is derived from Shanghai.

With the exception of Kweichow and with the best results in Shensi, the report points out that district reports are on the whole satisfactory and reflect such progress as might be expected from the general conditions that have prevailed throughout the year, namely, the absence of civil war, apart from the prosecution by the Government of its military operations against communists, and the considerable success of national and provincial plans for improving communications, reviving rural industries and encouraging manufacturing and other business enterprises. At the one extreme, Kweichow suffered severely throughout practically the whole year from the incursion of communist-bandits driven out of Kiangsi and Szechwan: while, at the other extreme, Shensi, except for certain areas adjoining its southern boundary, bordering on Szechwan and Hupch, enjoyed rich harvests and flourishing trade following the extension of the Lung-hai Railway to Changan (Sian) and the rapid advance of reconstruction work.

Excluding the sum of $8,120,000 transferred by the Bank free of charge on behalf of the Telegraph Administration, the total domestic remittances of all classes handled during the year increased from $169,809,500 for the previous year to $169,952,900, a small increase of $143,400 or .08 per cent.

China Needs Ten Years of Peace, Leith-Ross Tells Chinese at Hankow

(BY THE REVIEW'S HANKOW CORRESPONDENT)

WHEN asked to give his opinion regarding the prospect of restoring peace and order in China, Sir Frederick Leith-Ross the British financial adviser ventured to intimate that it would take ten years of peace before British and other foreign capital would begin to flow into China. At present the condition of the nation was too unsettled to gain the confidence of the investing interests in Western lands. One of the principal reasons why foreign investors were loath to invest more heavily in China today was the fact that China was behind in her payments of interest and principal on former loans.

Leith-Ross Defines His Mission

Sir Frederick defined his mission as being the exploration of the possibilities of active financial and economic cooperation between the Nanking government and England. Both countries would stand to gain by a new deal in export and import trade. His motive was absolutely non-political.

Pays Tribute to The Chinese Merchant

While stressing the fact that the best way of assisting China was to improve communications, Sir Frederick paid a glowing tribute to the many men who fought the floods in central and east China last summer. He emphasized the fact that British business men were keen on cooperating with the Chinese in developing a better and more modern China.

Leith-Ross Flies to Chungking from Hankow

Having flown up from Shanghai on the 16th of January, Mr. and Mrs. Leith-Ross intend to spend most of a week in Wuhan, flying to Chungking on the 20th of January. While in Hankow they have been the house guests of Mr. and Mrs. T. J. Fisher, close friends of Sir Frederick and Lady Leith-Ross. Several banquets and teas have been arranged for the distinguished visitors by Chinese and by British societies and associations. The three leading nationl banks, the Central Bank, the Bank of Communications, and the Bank of China, also entertained the visitors in a royal way. From Chungking Sir Frederick plans to fly to Ichang, and later to Shanghai.

Extreme Wealth and Extreme Poverty Strike Sir Frederick

The most striking thing in China was the fact that there was an appalling contrast between the upper classes and the coolie classes. There does not seem to be much of a stronger upper middle class.

Shansi Troops Get Ready to Meet the Reds

The Reds of Shensi under the notorious Red chieftain, Hsu Hai-tung, have been seeking to embarrass the government at Nanking in every way possible. Following the conference of Marshal Yen Hsi-san with the Young Marshal, Chang Hsueh-liang, things have been a little better. Shansi troops, as a result of this conference, have now been actively engaged in fighting the Reds in Shensi, their sister province to the west.

The Reds in Shensi seem to be concentrating in the region of Wayaochen, northern Shensi, where a conference between the Red leaders was held. Those present included, Mao Tse-tung and Peng Teh-huai and Hsu Hai-tung.

Chekiang-Kiangsi Railway Inaugurated

When the new railway between Yushan and Nanchang was formally opened at Nanchang on the January 15, seven hundred guests and officials were present. The opening ceremony was held at the South Station under the chairmanship of Tseng Yang-fu, Vice-Minister of Railways and chairman of the Board of Directors of the Chekiang-Kiangsi Railway Administration, of which the new line is a part.

Reds Fleeing into Kweichow Province from Hunan

Government troops were reported to have taken two towns, Shengchi and Tungjen, from the Reds in western Hunan and eastern Kweichow. Six hundred Reds were said to been killed in a hand to hand fight with the communists.

Bosshardt, Captive Missionary, Still With Reds

Haggard and tired looking, the widely known missionary, Rev. Bosshardt of the China Inland Mission, who was captured more that a year ago by the Reds in the easternpart of Kweichow province is now reported to be back again in Kweichow province. He is still in chains and Hsiao Keh seemingly knows how to avoid capture by his enemies. Both he and Ho Lung seem to be pressing westward more and more. Meanwhile plans have been prepared and when ready a concerted move on the Reds is to be expected. General Ho Chien is attempting to rule the province with more care and forethought.

New Hupeh Chairman Seeks to Improve Staff Efficiency

In order that they may do their work in a more efficient manner, Gen. Yang Yun-tai, the new Hupeh chairman, has promulgated a set of four rules:

1. More discipline.
2. Promptness in arriving at work.
3. New dormitories.
4. Eat with your superior officers and talk with them at tiffin.

New University for Kuling

There is quite a bit of sentiment for a University to be built at Kuling. The name of the school would be Chung Cheng University, in honor of the generalissimo, Chiang Kai-shek. However, further negotiations with the Nanking authorities will have to be undertaken before the new institution can be realized. It has the hearty support of the Kiangsi Commissioner of Education, Dr. Cheng Chi-pao.

Hankow, January 20, 1936.

Germans Will Explain to Nanking Activities in Manchuria

Dr. Otto C. Kiep, Minister Plenipotentiary heading the German Trade Mission to the Far East, informed the Japanese Foreign Office authorities at Tokyo, Jan. 18 that he would proceed to Nanking to "dispel possible misapprehensions entertained by the Chinese authorities" regarding the proposed trade agreement between the Reich and Manchukuo. The German envoy added he would first confer with his country's diplomatic representatives in China before approaching the Chinese authorities.

Manchukuo diplomatic representatives on January 10 referred for approval by the Changchun authorities a plan, originating in Japanese quarters, for the adjustment of the present crippled trade relations between Manchukuo and the Reich. The proposed agreement, drawn in consultation with the German mission, provides for the annual purchase of Yen 30,000,000 worth of German machinery by the new Empire, in exchange for the importation by Germany of Yen 100,000,000 worth of Manchurian beans.

Arriving in Japan on October 30 last year, the Mission stayed in Japan until December when it toured Manchukuo for about 20 days. Returning to Tokyo, members of the body have, besides discussing a possible Reich-Manchukuo agreement, conferred with Japanese officials on the commercial relations between the two countries.

Japanese officials complain that the stringent restrictions imposed by the Reich since the advent of the Nazi regime has turned the trade between the two countries from a ratio of 1.4 in favor of Germany to a position where Japan is buying from five to six times as much as she sells to Germany.

Dr. Karl Knoll, former commerical counsellor of the German Embassy in Tokyo and now head of the Far Eastern Commerce Section of the German Commerce Section of the German Foreign Office, is aiding Dr. Kiep.

League Expert Coursin to Make Second Survey of Roads and Waterways

Accompanied by T. V. Kuo, Secretary of the Shanghai Office of the National Economic Council, Dr. Li Dantec, Director of the League of Nations office at Nanking and several other technical experts, Leon Coursin, Engineer-in-Chief of Roads and Bridges and Director of Public Works at Madagascar, proceeded to Nanking end of last week. Commissioned by the Communications and Transit Section of the League of Nations to advise the Chinese Government in roads and irrigation projects, Mr. Coursin came to China last year. He returned here on January 14 from Europe to resume his work with the National Economic Council along similar lines for a period of six months. In Nanking, the League expert conferred with Chin Fen, Secretary-General of the N.E.C., concerning his work. After a short stay in the capital he is proceeding to various parts of the country for his second survey of roads and waterways.

Paredes Says Philippines Will Not Go Under Domination of Any Other Power

Firm denial of assertions that the Philippine Islands would go under the domination of any other power after the United States withdraws control was uttered by Quintin Paredes, former speaker of the Philippine House of Representatives, and now Resident Commissioner in the U.S., who passed through Shanghai end of last week *en route* to Washington, D.C. "I don't believe the Japanese have any such intention," he said when asked what he thought of recent speeches warning of encroachment by Japan, and the Philippines' possible seeking of protection under rule of England. "No, no, nothing of the kind," he said. "We are under the authority of the American government and will do their best to see a successful culmination of the independence movement.

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st July, 1934 and until further notice.

Down Trains										Up Trains							
41 Slow D 1 2 3	301 Ex. S D 1 2 3	1 Ex. S D 1 2 3	305 Ex. S D 1 2 3	23 Fast D 1 2 3	5 Ex. D 1 2 3	21 Ex. S D 1 2 3	3* Ex. S D 1 2 3	MAIN LINE STATIONS		302 Ex. S D 1 2 3	22* Fast D 1 2 3	42 Slow D 1 2 3	4 Ex. S D 1 2 3	24 Fast D 1 2 3	2 Ex. S D 1 2 3	306 Ex. S D 1 2 3	6 Ex. D 1 2 3
5.45	15.05	8.45	18.50	13.15	16.30	20.15	10.55	dep. Peiping - - -	arr.	10.24	11.29	17.55	18.42	23.17	9.18	8.19	11.50
6.20	15.36	9.13	19.20	13.46	—	20.48	11.24	,, Fengtai - - - -	dep.	9.54	10.55	17.21	18.15	22.48	8.47	7.49	—
7.45	16.40	10.21	20.26	15.01	—	22.08	--	,, Langfang - - -	,,	8.50	9.26	15.43	—	21.34	7.45	6.43	—
9.16	17.50	11.28	21.39	16.30	19.07	23.38	13.32	,, Tientsin Central	,,	7.40	8.03	14.14	16.05	20.11	6.39	5.30	9.15
9.25	17.59	11.36	21.48	16.39	19.15	23.47	13.40	arr. Tientsin East -	dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
9.35	18.20	11.50	22.20	16.55	—	24.00	13.50	dep. ,, ,,	arr.	7.05	7.36	13.46	15.40	19.50	6.15	5.50	
10.38		12.47		18.03	Stop	1.10	14.47	,, Tang-ku - - -	dep.		6.31	12.46	14.45	18.51	5.11		
11.46		13.45		19.08		2.18	15.40	,, Lu-tai - - - -	,,		5.26	11.41	13.48	17.43	4.08		
12.52	FOR SHANGHAI	14.42	FOR PUKOW	20.11		3.32	16.39	,, Tang-shan - -	,,	FROM SHANGHAI	4.15	10.30	12.50	16.37	2.58	FROM PUKOW	
13.39		15.17		20.47		4.20	17.14	,, Ku-yeh - - -	,,		3.30	9.44	12.18	16.05	2.16		
14.29		15.49		21.21		5.12	17.46	,, Lanhsien - - -	,,		2.32	8.45	11.39	15.22	1.18		
15.32		16.31		22.11		6.18	18.28	,, Chang-li- - - -	,,		1.29	7.40	10.58	14.37	0.19		
16.16		17.04		22.46		7.07	19.01	,, Pei-tai-ho - - -	,,		0.39	6.54	10.27	14.00	23.31		
16.43		17.23		23.08		7.33	19.20	,, Chin-wang-tao -	,,		0.01	6.25	10.04	13.35	22.59		
17.05		17.40		23.26		7.55	19.37	arr. Shan-hai-kwan -	,,		23.30	6.00	9.45	13.15	22.30		
		18.40						dep. ,,	arr.						21.26		
		16.25						arr. Shenyang (Mukden)	dep.						10.15		

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares:— Passengers must get Station Master to endorse ticket in connection with which they intend to claim refund.

No. 3 and 22* Temporary suspended.

Tientsin, 1st July, 1934.

BY ORDER.

General Chiang Kai-shek Receives Students at Nanking

GENERAL Chiang Kai-shek, in his capacity as President of the Executive Yuan, made a declaration at Nanking Jan. 16 that the "Government will not sign any agreement derogatory to China's territorial and sovereign rights, nor will it consider signing any secret agreements."

This declaration was part of a statement on the Government's foreign policy to educators and students attending the "students conference," which approximately 300 students, university presidents, professors and school-masters attended in the headquarters of the Officers' Moral Endeavor Association when General Chiang rose to make his statement. The Generalissimo declared he would not evade his responsibility and asked the public to have confidence in the Government and not to hamper its work in dealing with difficult foreign problems.

He said it became inevitable at times for Governments to make a sacrifice, and, in order to preserve the unity of the nation, the Central Government would not shrink from making such a sacrifice.

The replenishment of the nation's strength, he added, depended on orderly cultural and economic reconstruction.

Punishment of Traitors Urged

The opinions of the students, as expressed by their leaders, centered on three phases of the national crisis and were summarized by the *Central News Agency* as follows:

(1). Internal Affairs: The opinion was unanimously advanced that drastic measures should be adopted for the punishment of traitors, and attention was drawn to the acute dangers of the East Hopei and the general North China situation in relation to China's central authority.

(2). Foreign Relations: Views were unanimously expressed that the National Government should make plans for a well-balanced lineup in diplomatic representatives and formulate a definite foreign policy on the basis of the preservation of territorial integrity.

(3). Educational Problems: Formulation of a special educational program for the period of national crisis and extensive promotion of physical education was believed necessary. Opposition was voiced to the regional revision of school textbooks without the approval of the central authorities.

At the interview between General Chiang and the college presidents and high school principals, the speakers included Dr. Hu Shih, Dean of the College of Liberal Arts of the National Peking University; Dr. Chang Po-ling, President of Nankai University, Tientsin; Dr. Herman Liu, President of the University of Shanghai; and Dr. Wang Hsing-kung, President of the Wuhan University, Wuchang.

Express Opinions

They expressed the opinions that the student movement aimed at urging the National Government to deal with the present crisis on the principle of preserving the territorial and administrative integrity of the nation, and expressed the confidence that the Government would work for the welfare of the nation along these lines.

As to the student movement itself, the educators expressed the hope that the Government would co-operate with the authorities of the educational institutions in maintaining normal conditions for the training of the nation's youth.

Government Gives Free Transportation to Students

Apparently satisfied with General Chiang Kai-shek's assurances that the Government will not sign any agreement derogatory to China's territorial and sovereign rights, nor consider the conclusion of secret pacts, the educators and students who had gathered in Nanking from all parts of the country to consider the Administration's policy departed from the capital Jan. 18. The Government arranged free transportation by rail and water for them.

The delegates were taken to various strategic points around Nanking, and inspected the defences of the city. In the afternoon they visited the tombs of soldiers killed in the revolutionary campaigns and in the Sino-Japanese "war" at Shanghai. Homage to the remains of the warriors was paid under the leadership of Dr. Chang Po-lin, president of Nankai University, Tientsin.

Japan to Renew Demand for Curb on Southwest Student Agitation

Renewed demands for the drastic suppression of anti-Japanese student agitation in Kwantung and Kwangsi provinces will be made by the Japanese Government through Tatsuo Kawai, Consul-General in Canton, Tokyo Foreign Ministry officials indicated Jan. 18. They followed the receipt of a report from Mr. Kawai stating that in their answers to his earlier protests, the provincial governments had replied that they could not curb the student movements as these represented "an expression of patriotism that cannot be quelled." The answers also declared that unless Japan ceased "her machinations in North China, the Chinese authorities would be unable to interfere with the students. The communications also declared that the provincial authorities would not hesitate in dealing drastically with the students should the latter violate Chinese law and disturb the peace of the nation.

New Coal Liquefaction Plant Planned for Manchuria

REPRESENTATIVES of the Japan Life Insurance Underwriters were approached Jan. 17 by Akira Den, former Vice-Minister of Finance, with a plan for the formation of a huge coal liquefaction plant in Manchukuo. If the group agrees to underwrite the projected concern's stocks, the company will immediately be incorporated in Hsinking, with an initial capital of Yen. 5,000,000. Mr. Den's plans provide for the annual production of 13,000 tons of oil from 100,000 tons of coal, at a cost of less than Yen 0.30 per gallon. Mr.Den, former member of the House of Peers and sometime Commissioner of the Imperial Monopoly Bureau, will depart from Tokyo to Hsinking next month to conduct negotiations with the Manchukuo Government. The South Manchuria Railway plant near Dairen, the only hydrogenation installation in Japan, is being operated by the Navy.

Manchukuo May Abolish Extrality Rights

Manchukuo has commenced considering the unilatera abrogation of extra-territorial rights of all nations which still do not recognize her. It is stated that this step is being considered in view of the fact that Japan, which recognizes Manchukuo, has announced her decision to voluntarily relinquish her extraterritorial rights.

Belgian Trade Mission to Visit Manchukuo

The Belgian Economic Mission to the Orient, now visiting in Tokyo, will leave the Japanese capital on Jan. 25 for an extended tour of Manchukuo, travelling via Osaka and Seoul. The group is to confer with the New Empire's leading officials and businessmen in Hsinking and Mukden on the promotion of trade relations between the two countries. While calling at the Gaimusho on Jan. 18, to make arrangements for the trip, the members of the group reportedly indicated that Belgium would seek to establish direct trade relations with Manchukuo, importing soya beans directly instead of through Germany as heretofore.

Manchukuo Relaxes Regulations for Migrants from Shantung

The recent action of the Manchukuo and Dairen authorities in relaxing the strict regulation governing the entrance of Chinese immagrants into Manchuria has caused great rejoicing among the people of East Shantung, writes the Chefoo correspondent of the *Shanghai Times*.

When the scheme of requiring each immigrant to secure from the Great Eastern Company an "entrance certificate" was announced it was thought to be just a plan to make money off the great stream of laborers who annually went to Manchuria, for each "certificate" cost $1, (silver money). It proved a boon to local photographers for each "certificate" had to have in addition to the fingerprints of the holder a photo attached. At first business men did not need these but after a time they were required of all, and as time passed became more and more difficult to obtain. This past autumn additional restrictions definitely limiting the number of immigrants allowed to land at Dairen in any day were put in force. At this time, too, the situation of the spring was reversed, it now being the business men who had difficulty in getting in. As one man said to me, "A man without calloused hands has no show." That the regulations were effective is shown by the figures recently given out showing that 40 per cent less Chinese immigrants, totalling 60,000 entered Manchuria in 1935. In relaxing the regulations the authorities stated that, if the inflow became too numerous, the regulations would be again applied.

"Germany and Italy Make Love to Manchukuo"

(*From the Tokyo Nichi-Nichi, January* 10)

The birth of the North China issue has relegated the Manchurian issue into the background and the Powers have been inclined to recognize the status quo in Manchukuo. It is worthy of note that in the very near future Germany and Italy are most likely to take steps for recognition of Manchukuo ahead of the other Powers.

Germany is planning to seek rapprochement with Japan because of her relations to the U.S.S.R. and France, while, Italy is showing enthusiasm for co-operation with Japan because of her relations to Britain and France. As the first step these countries intend to take steps for recognition of Manchukuo.

Importance should be attached to the fact that such countries as Germany and Italy which are not satisfied with the so-called status quo, stimulated by the theory of re-distribution of territory and natural resources, have come to desire establishment of friendly relations with Japan, which is also one of the countries desiring a change in the status quo.

In view of the indisputable independence of Manchukuo the Japanese Foreign Office authorities do not necessarily covet the recognition of the Powers for Manchukuo but they intend to receive such measures by Germany and Italy with considerably good feeling.

The Tokyo *Asahi* Jan. 10 said an interstanding had been obtained between the representatives of Germany and Manchukuo on the Japanese plan of a German-Manchukuo commercial agreement comprising the following three points:— Manchukuo should buy from Germany annually Yen 30,000,000 of machinery; Germany should buy from Manchukuo annually Yen 100,000,000 of soya and soya manufactured goods; As the establishment of a short-term credit is difficult between Manchukuo and Germany just at the moment, a one-year credit should be set up for the time being.

[In an editorial entitled "Germany to Be First to Recognize Puppet State of Manchukuo?" in *The Review* of Jan. 11, there was a general discussion of the closer working together of Germany and Japan, particularly as regards Manchuria.]

More Than a Million Men in the Soviet Army

Loud cheering greeted the announcement in Moscow, Jan. 15 of Marshal Tuchachevsky, Vice-Commissar of Defence, at a meeting of the Central Executive Council of the U.S.S.R., that the Red Army now consisted of 1,300,000 men, 77 per cent of whom were already trained and under arms. He stated that the pay of the army would be raised by 50 per cent this year. The Marshal also gave figures of increased armaments in Germany and Japan, which, he declared, were threatening the Soviet and compelling her to devote a substantial portion of the Budget this year for defence.

Marshal Tuchachevsky declared that, while the amount voted for national defence was not small in absolute figures, it was inadequate in comparison with tasks that had to be accomplished. He repeated the allegations about the "German peril," citing as "proof" Germany's achievements in aviation, modern motor-road building and the speeding up of the railways. He also referred to the Japanese military strength and deduced that the Soviets "had to be prepared to face mighty armies both from the east and the west." Therefore, he said, the Red Army was being reorganized on a new principle. Whereas formerly the long-service nucleus was very small, those whose service lasts from two to four years now aggregated 75 per cent of the total army strength. This meant an immense increase in military efficiency. He concluded: "We are now able to answer our government's summons with a fullyequipped army anywhere at short notice." The number of mechanized units had been increased, as had the number of barracks, while parachute jumpers now numbered 60,000.

Soviets Push Double-Tracking of Railway in Trans-Baikal Region

The double-tracking of the Transbaikalian and the Ussuri railways connecting Lake Baikal with the Amur is successfully progressing, *Tass* announces. The second track from the station Karymskaya almost up to Khabarovsk, over 2,200 kilometers distance, has been laid in a short time—somewhat over two years. The traffic has been opened and powerful locomotives are pulling full-weight freight trains along the new track. Together with the old line which was simultaneously reconstructed, still closer connection has been established between the capital of the Soviet Union and its remotest borderland.

U.S.A. to Increase Capital Ships---Senator Pittman Hits Japan's Action

Japan's withdrawal from the Naval Conference has brought authoritative indications that the Navy Department may soon ask Congress for fresh funds with which to increase the country's capital ship strength. Asserting that further efforts to limit naval armaments are futile, Senator Key Pittman, chairman of the Senate Foreign Relations Committee, declared Jan. 15 that Japan's withdrawal makes it impossible for the United States to enter into any agreement with any one for a reduction of its naval program. It is evident, he added, that Japan intends to embark upon an unlimited enlargement of her fleet.

Japan Not to Engage in Naval Race With U.S.

Japan will not engage in a shipbuilding race with the United States in the event Washington should decide to rush to completion the Vinson program as a result of the breakdown of the London Conference. This was the view expressed by a well-known unofficial commentator in Tokyo Jan. 16 on naval matters. The Japanese navy, he said, would proceed to maintain a force specially suited to its needs and would not engage in a ship-for-ship competition with other Powers. The main objective of the Japanese fleet is to maintain the nation's present position as a stabilizing force in the Far East, he remarked.

Why Vickers' President Believes in Private Arms Manufacture

The British Commission of Enquiry into the war industries had as witness Jan. 8, General Lawrence, President of the Board of Directors of Vickers Armstrong, who revealed that the Vickers' experts have discovered an anti-aircraft weapon more efficient than any weapon hitherto used. Such a discovery as this, claimed the General, was an argument in favor of the private manufacture of arms. General Lawrence announced that Sir Basil Zaharoff had not taken any part in the activities of Vickers since 1934. He had kept capital only in the Spanish branch of the firm.

Dr. H. H. Kung Says Rumors Current on China Bonds Are Unwarranted

"Speculation is always rife in the Shanghai markets," Dr. H. H. Kung, Minister of Finance, stated in reply to inquiries from the Shanghai Chamber of Commerce concerning the disquieting rumors in circulation in connection with Chinese bonds. "If frequent requests are made for the Government to express its stand, not only would such steps be troublesome, but they would give a chance to speculators," he added. "At the present time of unrest," he continued "it is unwise to disturb each other with false reports in order to obtain personal temporary benefits."

The full text of Dr. Kung's reply is as follows :—

"The efforts which the Chinese Government is making to uphold public confidence in domestic bonds are well known.

"Recent years have seen a national crisis, the spreading of bandit activities, and floods in regions of the Yangtze and Yellow rivers, while the situation has been further aggravated by world economic unrest and the raising of the silver price level.

"These conditions bring about agricultural bankruptcy and a decline in industry and commerce together with financial difficulties.

"In accordance with petitions from various circles, the Ministry of Finance, hoping to save a difficult position and rebuild the country's economic structure, introduced a new monetary policy in order to inject new life into the financial situation and give an opportunity for the proper development of various industries.

"The Ministry of Finance, therefore, on Nov. 4 issued a statement concerning an improvement in currency in order to encourage production, to decrease the unfavorable balance of trade and balance the budget.

"In whatever may benefit the public or is necessary for economic reconstruction, the Chinese Government is trying its utmost to devise proper means and measures to meet conditions so that the Government's position will be strengthened and the people's interests benefited.

"The Chamber of Commerce represents leaders of various industries.

"It is hoped that it will spread these statements in order to enable all businessmen to understand the Government's purpose to protect public interests, and it is further hoped that everyone will join the Government in a combined effort to effect economic reconstruction.

"Speculation is always rife in the Shanghai markets and such action, which is entirely guided by personal interests, is always misleading to the public.

"If frequent requests are made for the government to express its stand, not only would such steps be troublesome but they would give a chance to speculators.

"At the present time of unrest, it is unwise to disturb each other with false reports in order to obtain personal temporary benefits."

Shanghai Chamber Seeks Assurance Regarding Interest Rates

Dr. Kung's statement was made in reply to a petition to the Executive Yuan and the Ministry of Finance, pointing out the importance of reassuring the public regarding rates of interest on domestic loans. Since the Mukden Incident, the petition stated, the country has been beset by both foreign aggression and internal calamities. Consequently, the economic edifice of the nation has been seriously undermined. Moreover, in common with the rest of the world, China is suffering from the repercussions of the general economic depression. Even Shanghai, the chief commercial port of the country, is seriously effected by the depression. With the fall of land values, the petition continued, the confidence of the public is now placed mainly in the well-established credit of Government bonds. Public organizations frequently have purchased the bonds as a channel of trustworthy investment. Recently, however, rumors had been circulating in Shanghai to the effect that the Government is considering a reduction of the rates of interest on domestic loans, or the declaration of a moratorium thereon.

Okada Dissolves Japanese Diet

The belief that the Government would order the dissolution, of the Diet on January 22 found confirmation Jan. 19 in the report that Takesuke Shirane, Chief Secretary of the Cabinet, had drafted a statement explaining the Government's reasons for the action. The statement declared that the Government was placed in a difficult position by the fact that the majority party, the Seiyukai, is opposing Premier Keisuke Okada's Cabinet.

"The Government is making every effort to deal with domestic and foreign issues in a non-partisan spirit, as a national Cabinet," the statement explained. "However, it has become evident that the Government cannot expect a smooth conduct of national affairs under present political conditions.

"Consequently, the Government is compelled to ask for an Imperial Rescript for the dissolution of the House of Representatives enabling the Government to seek a vote of confidence from the people.

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The Significance of the Yushan-Nanchang Rail Line

The completion of the Yushan-Nanchang Section, says T. C. T'ang of the *Central News Agency*, is significant in view of the fact that with the exception of rails, accessories and other steel material which China does not produce herself, the Chinese themselves have been mainly responsible for the construction of the line, which links the capital of Chekiang, Hangchow, with the capital of Kiangsi, Nanchang, through southwestern Chekiang and eastern Kiangsi. Great significance is attached to the line because of political, military, commercial and cultural reasons. After the Lung-Hai Railroad, which extends from the Lienyun Harbor in north Kiangsu, to Sian and eventually to Lanchow, the Chekiang-Kiangsi Railroad, when its last stretch, the Nanchang-Pinghsiang sector, is completed, will be the second trunk railroad in China which runs horizontally across Southeast China with Canton on the South and Changsha, capital of Hunan.

A new era will be heralded into Chekiang and Kiangsi with the opening of the Yushan-Nanchang section to passenger and freight traffic.

Although highways have been extensively built in Kiangsi during the past few years, the limited loading capacity of the long-distance buses has hardly met the urgent need for cheaper and safer communication facilities. The opening of the Yushan-Nanchang line, it is confidently felt, will fill this gap.

Furthermore, railroad transportation in this part of the country will, in the future, play a major role in lending aid to anti-flood, anti-famine and plague-prevention work.

Economically, the line will be instrumental in bringing about agricultural rehabilitation, economic recovery and mining development to west Chekiang and east Kiangsi. Speaking about rural revival, the opening of the Yushan-Nanchang Section to freight traffic will, for instance, help ship the surplus rice production of east Kiangsi to Chekiang where there is an under-supply of foodstuffs. This would have been impossible in former days when modern communications were undeveloped.

No lesser part will the Yushan-Nanchang line play in the opening up of the rich coal resources now stored underground along the new route. In view of the fact that most of the coal mines now in operation are located north of the Yangtze, and with foreign interests heavily involved, the mining of the coal fields in this part of southeast China will greatly benefit the Chekiang and Kiangsi populace.

Culturally, the Yushan-Nanchang section will help to bring the cultural status of the bandit-ridden areas in Kiangsi and Chekiang to the same level with other parts of the two provinces which were not devastated by the outlaws. Henceforth, the delivery of books, newspapers, periodicals, and other educational matter to cities and villages along this new route will be greatly speeded up. The line will also facilitate the extension of the circulating educational lecture campaign and library movement in this part of China.

A line of 292 kilometers in length, it took 17 months to complete at a cost of $18,000,000. Construction work was financed by the flotation of $24,000,000 worth of bonds mortgaged at a cash loan of $8,000,000 from a Chinese banking consortium in Shanghai. The consortium was also entrusted to conclude a loan with Otto Wolff, Cologne, a German firm, whereby the latter will supply railroad equipment to the Chekiang-Kiangsi United Railway Corporation within the sum of $8,000,000. Otto Wolff, Cologne, has, thus far, supplied more than 5,000 tons of steel material to the line.

Vice-Minister Tseng Gives Details

Vice-Minister Tseng of the Railways Ministry told the press representatives who had assembled to witness the official opening some details about the line. The 341-kilometer Hangchow-Yushan section, he explained, was completed two years ago at a cost of $14,057,500. The first survey on the section from Yushan to Nanchang was started on March 11, 1934. Because of banditry in the area, the first survey was brief and was completed on March 24, 1934, A new survey was started in May of 1934 and was completed in November, 1934. Construction was started in July of 1934 but floods, banditry and plague held up the progress of the work. The gauge of the railway, is standard, that is, 4 feet 8½ inches, the same gauge as of American and other railways, including all other main lines in China. Material for the second section, including rolling stock, rails, and other equipment, has been purchased from German companies. The rolling stock for the Yushan-Nanchang section has not yet arrived but is expected in February. In the meantime, stock of the Hangchow-Yushan section is being used. The weight of the rails on the Hangchow-Yushan section is 35 pounds per yard; that of the Yushan-Nanchang line is 63 pounds per yard. The tracks on the Hangchow-Yushan section will be replaced with heavier rails before the end of the year.

New Omnibus Service Now Links Tunki and Kingtechen

Omnibus service on the new highway between Tunki, communication center in southeastern Anhwei, and Kingtechen, porcelain center in northern Kiangsi, was officially inaugurated Jan. 16. The opening of the new road is expected to fill a long-felt need for the development of transportation between the two provinces.

S.M.R. Bids for Construction of Locomotives for Nanking

An official of the Engineering Bureau of the South Manchuria Railway Company was at Nanking this week to explain to the Chinese Government the bid entered by the S.M.R. for the construction of ten locomotives, valued approximately at Yen 1,000,000, the *Kokutsu* News Agency reported Jan. 16.

Lincheng Mines to Suspend—New Mines at Tzuhsien

The Lincheng coal mines in southern Hopei along the Peiping-Hankow line will suspend operations, according to Ku Chung-hsiu, chairman of the Hopei Mining Industry Supervisory Committee. Instead, plans are being made to exploit new mines at Tzuhsien, about 68 miles south of Lincheng and about 12 miles from the Honan border, which are reported to produce coal of a superior quality than that from Lincheng.

China's Sales of Cotton to Japan Show Increase

Chinese raw cotton imports to Japan during the last four months increased about 10 per cent over the amount for the corresponding period in 1934, the Japan Raw Cotton Dealer Association announced, Osaka, Jan. 16.

Ministry of Industry to Improve Fishing Industry

Protection and breeding of fish species and the fry as a preliminary step toward the development of China's fishing industry is now under the consideration of the the Ministry of Industries. To ascertain the conditions of fish species in waters along the Pearl River Valleys, the Ministry recently commissioned Chen Mou-lang, technician of the Ministry, to make investigations in collaboration with the Department of Reconstruction of the Chekiang Provincial Administration. Mr. Chen, who returned to Nanking from his investigation tour a last week, has submitted a report to the Ministry, listing five recommendations.

Keemun Tea Plantation to Be Developed

Steps are being taken to develop the Keemun tea plantation jointly operated by the Ministry of Industry, National Economic Council and the Anhwei Provincial Government at Chimen, famous tea producing center in southern Anhwei. The plantation has been enlarged to cover an area of 1320 mow and the most modern equipment is installed.

Japanese Paper Asks General Chiang Kai-shek to Clarify Stand

The need for determination on the part of General Chiang Kai-shek, President of the Executive Yuan, in settling pending Sino-Japanese problems is seen as essential by the *Shanghai Nippo* for the success of the projected conversations between the two Governments to restore their relations to normality.

The assumption by General Chiang of his present post was described by the daily as "a step forward" in reaching a settlement. "However, it is doubtful, in view of the complex set-up in the National Government, whether or not General Chiang may be able to carry on according to his wishes alone. But considering the fact that General Chiang now controls both the military and civil branches of government and is actually China's dictator, it is not difficult to see that he should be able to defeat all opposition if he is firmly determined to seek Far Eastern peace by completing the great work of arranging a settlement of various Sino-Japanese issues," said Japanese daily commented.

Whangpoo to Be Spanned from French Concession?

Conclusion of a temporary agreement between the Greater Shanghai Government and M. Jean Audinet, representative of various French industrial firms, for construction of a bridge to span the Whangpoo at a cost of $12,000,000 was reported in the Japanese press this week. The Shanghai approach of the proposed bridge will be at the Marche de l'Est, at the southern edge of the French Concession, it was stated. This has caused considerable dissatisfaction among influential Chinese, the Shanghai *Nippo* stated, as they see in this choice the hand of the French authorities, who are allegedly seeking to promote the prosperity of the Concession by the construction of the span. These Chinese circles believe that the bridge should be built so as to serve the Civic Center area, more than Nantao. Work on the structure will be undertaken in April should the contract be formally signed, it is said.

Who's Who in China

Eugene Ye-bing Kiang, legal practitioner; native of Chekiang; born at Kaifeng, Honan, Dec. 25, 1898; B. A. Fuhan University, 1922; LL.B. Soochow University Law School, 1923; private law practice in Shanghai since 1924; professor, Soochow University Law School, 1928-32; member of the Shanghai Municipal Council, since 1934; member of the Executive Committee, Shanghai Chinese Ratepayers Association, 1929-30; member, Shanghai Municipal Council Watch Committee, Health Committee and Ricksha Investigation Committee, 1933; member of Standing Committee, Shanghai Bar Association, 1931-32; member, Board of Trustees, Fuhan University, since 1931; director of Dah-Hoo Commercial and Savings Bank, 1933-34; representative, National Judicial Conference, 1922; president, National Students' Union, 1921-22; editor-in-chief, *China Law Review*, 1922-23; married on Jan. 1 1931 at Shanghai Miss Yu Dan-han, daughter of Yu Ya-ching, well-known shipping magnate and leading public figure in Shanghai; participated in numerous legal cases of national importance and is acting as legal advisor to many Government organs and leading Chinese and foreign firms; member of the following clubs: Union Club, Medium Club, International Recreation Club, etc.; address: 149 Szechuan Road, Shanghai.

江一平

Eugene Ye-bing Kiang
(Chiang I-ping)

江一平，原籍浙江，一八九八年生於河南開封。一九二二年，畢業於上海復旦大學，得文學士學位，後入東吳大學法科研攻法學，一九二三年畢業，得法學士，嗣後卽在滬執行律師職務。一九二八年至三二年，任東吳大學法科教授。一九三四年，被選上海公共租界工部局董事。一九二九年至三十年，任上海華人納稅會執行委員會委員。一九三三年，任上海工部局衞生委員會及人力車 調查委員會委員。一九三一年至三二年，任上海律師公會常務委員。一九三一年被推復旦大學校董。一九三三年至三四年任大滬銀行董事。一九二二年被選全國司法會議代表。一九二一年至二二年任全國學生會會長。一九二二年至二三年，任「中國法學評論」總編輯。一九三一年與上海船業巨子虞洽卿女公子虞澹涵女士在滬結婚。江君幷歷任各政府機關及中外重要商店法律顧問。並爲中社及萬國俱樂部等，爲會員。通信處：上海四川路一四九號

German Propaganda Minister Says Italy "Must Live"

"We wish to remain neutral, but we understand that a nation like Italy must live. It is dangerous for the world not to concede such demands, because some day the bomb will explode." The above important statement was made by Dr. Joseph Goebbels, Reich Minister of Propaganda, in an address before a gathering of 20,000 Nazi's in Berlin, Jan. 17.

Dr. Goebbels referred to the "unexpected increase" in unemployment in Germany by 500,000, but explained that this was due to the weather, lack of raw materials and foreign exchange difficulties.

"We are at present in a precarious situation," he said, "but hope to overcome it by the end of February.

"We are a poor nation, with no colonies and no raw materials, but we must tell other nations that the time will come when we must demand our colonies back. It will not do that we continue to live as a poor country, while the rest of the world is rolling in wealth."

Referring to the rearmament of Germany, he declared:—"We can do without butter, but not without guns. Some people say there is a world conscience, which is the League of Nations, whose part is to preserve peace in the world, but I prefer to rely on guns."

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"I've tried everything!" How often is this remark heard from people who have suffered from rheumatism for a long time and who are inclined to regard their case as hopeless! Yet many a man, and woman in this stage bordering on despair has found new health and vigour, and escape from the torments of rheumatism, through taking Dr. Williams' Pink Pills.

Impurities in the blood stream are the cause of rheumatism, and kindred ailments such as sciatica and lumbago.

So if you have rheumatism, don't give up hope, but

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Dr. Williams' Pink Pills, which are specifically designed to create that new, rich, red blood which is the primary need of the rheumatic sufferer.

Equally good for the curative treatment of other ailments resulting from impoverished blood, indigestion, insomnia, breathlessness, papitation, nervous disorders, the fact that Dr. Williams' Pink Pills have helped countless other sufferers to regain health and strength makes it more than worth your while to give them a trial. The prescription of an eminent British physician, and therefore no quack remedy, you may, with every confidence, try

Dr. Williams' Pink Pills.

75-321

Men and Events

Clarence Edward Gauss, the newly-appointed United States Consul-General for Shanghai, is due to arrive here Feb. 10.

John Earl Baker addressed the Shanghai Y. Men's Club Jan. 20, speaking upon the Chinese Government's policy for relief work.

Hsu Wei-chen, newly-appointed President of the Second Branch Kiangsu High Court, was sworn into office in the presence of more than 100 local political, judicial and business leaders Jan. 16.

At a meeting of the general committee of the British Residents' Association of China held on January 17, W. J. Hawkings was elected Chairman and R. G. MacDonald was elected vice-Chairman.

Thomas Taruf, 25-year-old Pole, recently deported from Japan because of alleged espionage activities, arrived in Shanghai Jan. 19. He is a fine linguist, and according to reports, deserted an Italian ship in Osaka last June.

As the result of a sudden weather change on the night of Jan. 15 when the thermometer recorded a sharp drop to several degrees below zero, over a dozen beggars were picked up dead in the streets of Peiping the following morning.

A debate, in New York City Dec. 19 between Miss Frances Perkins, U.S. Secretary of Labor, and George E. Sokolsky, author and lecturer (for many years in China) brought to the Town Hall so large a crowd that many were turned away.

The death occurred in Shanghai Jan. 16 at the age of 84 of Comm. Frederick W. Davies, British Naval Reserve (retired). The late Mr. Davies had in recent years engaged in the hotel business. He was the founder of the Burlington Hotel in Bubbling Well Road.

Mr. and Mrs. A. Bland Calder and their son returned to Shanhai Jan. 19 after several months spent in the United States and Europe. They came by way of Siberia. Mr. Calder is a member of the staff of the American Commercial Attache.

Word has been received that Colonel Charles F. B. Price, at present at the Marine Barracks, Quantico, Va., will arrive in Shanghai during the first half of April to take over command of the Fourth Marines stationed here, in succession to Colonel John C. Beaumont.

Twenty-four persons were injured, one fatally, when a passenger train travelling west from Suifenho, at the eastern terminus of the Chinese Eastern Railway, was wrecked four miles from Imienpo Jan. 19.

Perry O. Hanson, who is connected with the Methodist Mission at Taian, Shantung, accompanied by Mrs. Hanson, departed on the *s.s. Stuttgart* from Shanghai Jan. 21 for Europe, enroute to the United States, where they will remain for about a year. Their address in the U.S. will be 150 Fifth Avenue, New York.

There are 7,602 automobiles in the Shanghai International Settlement, according to information issued by the Municipal Council. A total of 159 makes are represented. Ford leads with 1,223 including both private and public vehicles. Chevrolet comes second in this class with a total of 637.

J. P. McEvoy, well-known American writer and *Saturday Evening Post* contributor, at a tiffin talk before the Shanghai Rotary Club Jan. 16 stated that the movie censors were confining their activities to the wrong people, stating that the audience rather than the motion pictures should be censored.

The increase of population in Japan is slowing down, says the Tokyo correspondent of the *London Times*. Babies no longer come at the rate of four a minute, with nine over for every hour, as in 1932. Last year the daily average number of births was 5,599, which is 161 fewer than the round number needed to make four a minute.

Milton D. Purdy, former Judge of the U.S. Court for China, who returned here recently after an extended trip to the United States to finish up some business affairs with the China Finance Corporation, of which he was formerly the president, departed this week for Manila, and from there will proceed to the United States.

Romaine Hathaway, who has been Chief Pay Clerk at the United States Naval Purchasing and Disbursing Office here for over a year, departed this week for the United States. Mr. Hathaway was accompanied by his wife and is expected to proceed directly to Newport, R. I., where he will assume duty at the Naval Torpedo Station.

Recently, according to the Ministry of Finance, Miss Rachel Lee, an American-born Chinese Woman, sent a check for $199.50 to Dr. H. H. Kung, Minister of Finance, with an explanation that during the past few years, she has had several occasions of travelling between Nanking, Shanghai and Tientsin with free tickets which her Chinese friends secured for her. Of late, it was said, she was convinced by the Bible that taking free rides on Government trains was no better than stealing, hence the check which, according to calculations, covered the ticket fares for her free trips plus interest.

Dr. H. H. Kung, Minister of Finance, was host at a dinner party given Jan. 16 in honor of several noted educators in Nanking including Dr. Chang Po-ling, President of the Nankai University, Tientsin; Dr. Hu Shih, Head of the College of Arts of the Peking National University; Dr. Herman Liu, President of the University of Shanghai aud Dr. Mei Yi-chi, President of Tsing Hua University.

Dr. Ben Dorfman and Dr. Frank Waring, on their way home to the United States after four months of economic investigations in the Philippine Islands on behalf of the U.S. Tariff Commission, are in Shanghai for a short stay and are stopping at the Metropole Hotel. Dr. Dorfman will be remembered as the official adviser to the Lytton Commission when that group was sent to China by the League of Nations in 1931.

The two British police sergeants in the service of the Shanghai Municipal Police, Ernest Peters and William Judd, will stand trial for murder before a jury in the British Supreme Court Feb. 4. They are charged with throwing a beggar into the Soochow Creek. Their defence will be that they placed the beggar on a flat-boat in the creek on which he was to be transported out of town.

It is with regret (says the *Japan Chronicle*) that we have to record the chastening experience of a German resident of Kob who rose from his bed on Sunday night to give his dog a leathering. The little brute wouldn't stop barking. It stopped all right after its beating save for an odd mournful grumble, and in the morning all was revealed. A burglar had taken the silver-ware, and helped himself to a square meal in the dining-room.

Dimitri Bogomoloff was host at a dinner given in the Soviet Embassy Jan. 19 in honor of General Chang Chun, Minister of Foreign Affairs, and Messrs. Hsu Mo and Chen Chieh, Political and Administrative vice-Ministers of Foreign Affairs, as well as the Directors of various departments of Waichiaopu. Among the foreign diplomats present were Sir Alexander Cadogan, British Ambassador, Dr. Oskar P. Trautmann, German Ambassador, and many other officials from the foreign embassies and legations.

Plans are in progress for a huge exhibition and fair representing industry, commerce and education in Shanghai, to be held during June and July of this year. The fair is to be a mixture of an educational exhibition combined with fun, frolic and amusement. It will be held in Yangtzepoo along the Whangpoo foreshore, and a number of large buildings will be erected this spring to house the exhibits, shows, restaurants, etc. The buildings have been designed by Messrs Chiming Partners, of which E. D. Chang (a brother-in-law of T. V. Soong, chairman of the National Economic Council), is the director. The buildings will cost approximately $200,000.

The wedding was scheduled to take place in Ningshia on Chinese New Year's Day, of General Ma Hung-kuei, Provincial Chairman, and Miss Chow Teh-yeh, 22 years of age, a graduate of the Kwang Hua University in Shanghai. Miss Chow is a native of Soochow, and a granddaughter of the late Chow Tze-tung, a ranking diplomatic official during the Ching Dynasty. The romance started when General Ma, son of the late Mohammedan leader General Ma Fu-hsiang, visited the Chen Li Girl's School at Ninghsia sometime last year, of which Miss Chow is principal.

THE GIST OF JAPANESE PRESS OPINION

The world's economic prospects are not a little affected by the restless silver market. The instability of silver is due to the American silver policy and to the Chinese plan of currency reform. Until such policy and plan are revised in due time, world silver will be unsettled.—*Tokyo Nichi Nichi.*

Japan's disarmament principle of non-menace and non-aggression is obviously for promotion of world peace. This is why Japan wants to make the aftermath as smooth as possible even if the London parley should fail. The Powers must be expected to reciprocate such aspirations of Japan.—*Tokyo Kokumin.*

An Australian-Japanese trade conference is in progress in an attempt to reach an agreement where they failed to agree in their last similar conference. The negotiating parties must particularly remember that the presence behind of Britain naturally complicates their talk.—*Tokyo Asahi.*

Japan has never been blessed with more favorable circumstances than at present for making constructive efforts. With signs of economic stability and unprecedented advance in her foreign trade, Japan must now be expected to establish definite national policies at home and abroad.—*Osaka Asahi.*

The latest development of the Sino-Japanese and Soviet-Japanese situations may seem a disappointment to some of the impatient critics here, but it would be a gross mistake to criticize the Hirota diplomacy at this moment. With a new Ambassador to China, we hope it will achieve its proper end.—*Tokyo Yomiuri.*

A Tribute to Dr. H. H. Kung

BY S. C. SINGHAM*

ALWAYS a man is a jumble of defects and graces—but this expression of the great Chinese philosopher cannot be cast upon the efforts of the Finance Minister of China who is full of grace as reflected in the very many activities of Dr. H. H. Kung—not to speak of his financial administration without defects. Confirming his policy, the press comments arriving from America and Europe in the past few weeks—without exception—indicate much symathy and encouragement toward the Chinese currency reform coupling with it the name of Dr. H. H. Kung, Minister of Finance who has had the courage to put it into effect and the patience to explain the new policy to those unable to see the advantage of this currency reform introduced in this country for the first time ever since the Republic was founded. China is not the only country that suffers from economic mal-adjustments. Even those countries which have been deliberately following certain economic plans have lamentably failed to comprehend the significance of the present situation which is world-wide and which demands a certain degree of world co-operation for a constructive approach. Monetary standards were thrown overboard and artificial stimulus was sought for accelerating trade and industry not only by China but also by almost all the Powers. None of these methods, however proved successful in providing a lasting remedy. Indeed, collapse of the monetary mechanism in China is largely due to strain imposed upon her by the economic policies of the Island Empire and the artificial raise in the price of silver by the United States which impeded the natural flow of trade in China and threw upon the money mechanism the burden of settling commercial and political debts on a scale far beyond her capacity. This being the state of affairs in Chinese economics, China should be thankful for having a son like Dr. Kung whose force of character and sound judgment has assisted him in his strenuous task of balancing the national budget. All friends of China are feeling relieved of their concern about the present crisis in China by the knowledge that this country possesses men with the calibre of the present Minister of Finance of the National Government of China. Dr. Kung attained his present prominence solely through his own hard work and merit. His experience includes service in the field of educational and Christian missions as well as diplomatic and financial.

Dr. Kung was born 55 years ago and is a native of Taiku, Shansi. He is B. A. (Oberlin) and M. A. (Yale) and the honorary degree of LL.D. was conferred on him by Oberlin University. He held the important post of Minister of Industry, 1932-33, and is state counsellor of the National Government. He made a tour to Europe and America as special Industrial Commissioner of the National Government and assumed the post of Minister of Finance in 1933 succeeding T. V. Soong. He has been a member of the Kuomintang Central Executive Committee since 1931 and became Governor of the General Bank of China in 1933.

Dr. Kung has been very active and is still an honorary principal and director of a number of institutions in Shansi, besides on the board of managers of Yenching, Cheeloo and other universities in China. He is the head of the China National Child Welfare Association with its principal office in Shanghai and takes personal interest in the work, also not forgetting the older ones, never failing to do his share in the annual Y.M.C.A. campaigns of Shanghai for financial support and membership. Dr. and Mrs. Kung's home is always open to the numerous charitable organizations of Shanghai whenever occasion requires, besides contributing liberally toward approved projects.

Dr. Kung is well-known for his profound knowledge of Chinese economic conditions having served as minister of industry before he was called upon to shoulder the financial responsibility of the nation. His task in his present position, in spite of existing depression here and elsewhere, is being rendered more easy by his personality, his command of universal respect and confidence at home and abroad, particularly in America where he spent many years as a student. Despite the threat of external aggression in the past few years during which China has been in a constant emergency, Dr. Kung has successfully faced and is still facing the storm without losing his constant cheerful mood. At times he has had to administer the Chinese Government due to the absence on leave or sickness of the President of the Executive Yuan, Wang Ching-wei.

Dr. Kung's strength to handle so large a part of the activities of the Chinese Government is due to his clean living and strong physique and his simple manners, democratic spirit and willingness to mix with the people. His frequent presence at many functions helps not only the causes for which they have been given but also enables him to have occasional relaxation from too close care and attention to his manifold duties in the Government.

It may be said that Shansi owes its present industrial development and prosperity to Dr Kung and the present financial stability of the country is his work. The face is the index of the heart and China has a Finance Minister who reflects the bright future of China's political and economic activities in all fields of endeavor.

The author is a member of the firm of Singham Bros and Co., Indian merchants in Shanghai.

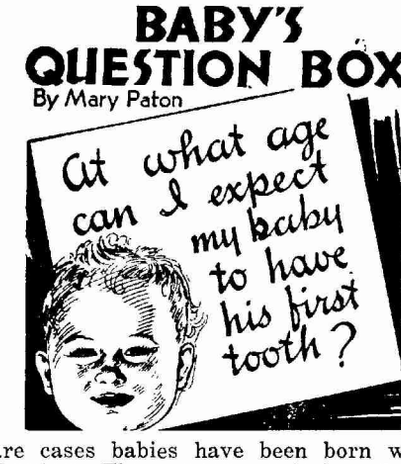
In the United States Court for China

In re	Cause No. 4005
Last Will and Testament of SUSAN WADDELL HSU Deceased	Special Proceedings No. 1046 NOTICE OF PUBLICATION

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of SUSAN WADDELL HSU, deceased, to present the same with vouchers to the undersigned on or before August 20, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

W. H. Gleysteen, Executor
Presbyterian Mission
Erh Tiao Hutung
An Ting Men Nei
Peiping

Peiping, China.



In rare cases babies have been born with a tooth actually showing. The average age is from 6 to 9 months.

More important than the time when a tooth shows is the health of the baby during teething. It is an anxious period unless the Mother has learned to rely on Baby's Own Tablets. Soothing mixtures are inadvisable, but Baby's Own Tablets may be given freely as they are guaranteed absolutely safe. Analyst's certificate enclosed in every package.

MEAT BONES FOR TEETH

Although in Borneo, it is said mothers allow their babies to chew meat bones to help them cut their teeth quickly, mothers in most parts of the world do not believe in thus forcing nature.

"At one year, my little boy has thirteen teeth," writes Mr. H. T. Rowsone, R. R. 4, Athens, Ontario, Canada, "all cut without trouble. He has never had a temperature or been ill an hour. The credit for all this we owe to Baby's Own Tablets."

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New Books of Interest in the Far East

A Philosopher Tells the Story of Civilization

The Story of Civilization—Our Oriental Heritage, by Will Durant. New York: Simon and Schuster, 1935. 1049 pp. Illustrated; index. U.S.$3.00.

Before the book, the author. The most vivid memory of Will Durant this reviewer calls to mind is a cartoon which appeared in the American magazine *Vanity Fair*. It showed Dr. Durant's portrait as though in a stained-glass church window. Dr. Durant was appropriately garbed in a philosopher's tunic. Above his head was a halo made up of dollar signs. This was *Vanity Fair's* estimate of Dr. Durant.

In 1933 Dr. Durant made a trip to the Soviet Union. Upon his return, he wrote a series of articles for the Saturday Evening Post which best revealed his capacity as an original thinker. There was not much revealed, except an adept facility of mouthing time-worn platitudes illustrating Dr. Durant's shallowness.

But enough. One doesn't have to be an original thinker to turn out a ponderous 1,049 page volume, and Dr. Durant admits it on the whole; it is a mechanical job, and indeed, in this case, Dr. Durant has done an excellent piece of work. It is the first of a series of four more similar volumes, the complete series comprising: Our Oriental Heritage; Our Classical Heritage; Our Medieval Heritage; Our European Heritage; and Our Modern Heritage. If all volumes appear, the paper-makers will declare extra dividends.

But again, to get to the book. As a general, handy literary semi-lexicon, it is a good book. Dr. Durant has tried to cover a lot of territory, hence chapters on Egyptian, Babylonian, Jewish, Hindu, Chinese, and Japanese art and philosophy. For the most part, Dr. Durant's prose is skillfully constructed and in such a way that one can't really attack him as he leaves few loopholes. But the reader feels, in thumbing through the many pages, that much is lacking. We don't want to know particularly what happened at such and such a time through the eyes of Dr. Durant. At other times, we wish to know more factual history. For example, his last chapters in the books on China and Japan have a serious lack of complete and careful documentation. Dr. Durant undoubtedly knew about communism in China, yet makes no reference at all to the continuous fight against them since April of 1927.

In his concluding words on Japan, Dr. Durant speculates on the possibility of a war with the United States.

> "Having taught Japan the ways of industry and war," he writes, "we must be patient with the destiny that has named her for the moment as the economic and military mistress of the East. We need not grudge the Children of the Sun their hour of power and glory, their fragile empire, and their uncertain wealth. There is room in the world for both of us; and, if we will it, the seas are still broad enough to give us peace."

This sounds like the pundits of one Dr. James A. B. Scherer, a Japanese-paid American propagandist. As though "destiny" had anything to do with it! What a superficial way to dispense with a frank and real analysis of the problems of the Orient, or anywhere, for that matter: to substitute "destiny" for economic forces! And as if the issue of peace in the Orient is between Japan and the United States only! As if China had *nothing* to do with it! Unfortunately, capable histories are not written with the words "destiny" and "fate" as connoting deciding factors.

To this writer, Dr. Durant's book at best is a factual presentation of much that is of interest coupled with a valuable bibliography (Dr. Durant will not deny this!), handy chronological tables, and carefully edited and selected material. At worst, it is a superficial volume devoid of brilliance, understanding, and original thought. If one likes handy compendiums of knowledge at a reasonable price, Dr. Durant's book is just the thing.

A. B.

Essays for Chinese Students of English

Four Virtues to Save Society, or English Essays on Chinese Culture—Translated and adapted by A. J. Brace, F.R.G.S., General Secretary Y.M.C.A. Chengtu; Rih Hsiu Press. 103 pages. (Studies from the Chinese classics for Chinese students studying English).

This group of essays forms an excellent book for Chinese students of the English language, and no less for the westerner who wishes a better understanding of Chinese ideals, more particularly the ideals of the New Life Movement. The method of presentation with both Chinese and English texts makes it possible for the Chinese student to get the English equivelents for expressions and ideas with which he is entirely familiar. This method is fundamentally sound, and one wonders that more material is not presented to the student in this manner.

The book contains three essays: The teaching of Confucius, a world philosophy by Lu Si Yin; The Chinese gentleman, selections from the classics made by Mr. Brace, and The New Life Movement, by Madame Chiang Kai-shek. Mr. Lu's essay shows the point of view of a life-long student of Confucian tradition. He writes on the Confucian ideas of personal cultivation, family regulations, methods of government and universal peace. This essay is followed by Mr. Brace's quotations from the classics, and together the two sections show the seed ground of the New Life Movement with its four virtues: Good Manners, Right Conduct, Honesty and the Sense of Shame. Madame Chiang describes in her essay the need for change in the daily life of the individual, from whom may spread vitality and a right spirit into the family, the community and the state. It is significant to find this essay brought together with the teachings of Confucius, representing as it does the modern historical interpretation of the principles upon which ancient China built her civilization.

The Chinese title inscription was written by Generalissimo Chiang during his stay at Chengtu.

The reviewer regrets that this booklet has not been printed on the better quality of paper which it well deserves. He would also inquire why the English table of contents is placed at the end of the book. It is suggested that if the book is primarily for Chinese students studying English, the student should learn to look for the table of contents at the beginning.

F. M. R.

Salt Revenue in 1935 Shows Increase of $8,259,309

Preliminary figures, subject to audit adjustments, issued by the Chief Inspectorate of Salt Revenue Jan. 17 show the total amount of salt revenue collected during the year 1935 as $184,209,300, representing an increase of $8,259,309 over the figure for the previous year, $175,950,000. This achievement is particularly noteworthy since the increases were realized notwithstanding the prevailing tightness of the money market, the general business depression, and serious flood conditions in several Yangtsze Districts.

The following is a list of the districts in the order of the amount of collections:

Changlu (including Koupei)	$26,775,200
Huaipei	19,555,300
Szechwan (including Chungking)	15,620,900
Hupeh	14,652,200
Hunan	13,387,400
Yangchow	13,336,100
Sungkiang	12,568,000
Shantung	9,672,800
Kwangtung	9,290,500
Kiangsi	9,085,300
Liangcheh	9,006,700
Honan	7,703,200
Anhwei	6,083,600
Fukien	4,715,600
Hotung	4,067,100
Yunnan	2,905,800
Chuanpei	2,092,700
Shensi	1,479,700
Chief Inspectorate	1,206,300
Chinpei	1,004,900
Total	$184,209,300

Chinese Engineering and Mining Net Revenue £29,700, But No Dividend Again

The report of the Chinese Engineering and Mining Co. for the year to June 30 last showed gross profit of the Kailan Mining Administration at $2,325,169, compared with $2,993,806 in the previous year. The profit and loss account showed income from China at £52,298, compared with £58,189 in 1933-34. With other receipts total revenue is shown at £64,048, compared with £73,449. For the second successive year no dividend is to be paid. The last distribution was 2½ per cent. for 1932-33.

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HIROTA ASSERTS CHINA WILL RECOGNIZE "MANCHUKUO;" HU HAN-MIN DECLARES HIS POLICIES REMAIN UNCHANGED

(*Continued from page 266*)

declared that Hu Han-min's decision to proceed to Nanking meant that a united front against Japan and complete accord had been reached between General Chiang Kai-shek and the Cantonese leader, and between Nanking and Canton.

The Nanking delegates who arrived aboard the *Empress of Canada* at Hongkong Jan. 17 on the mission of welcoming Hu Han-min, included Chu Cheng, President of the Judicial Yuan, Yeh Chu-tsang, Secretary-General of the Central Kuomintang, and Admiral Chen Chak, director of the Naval Affairs of the National Military Council. Interviewed aboard the liner, Admiral Chen affirmed that they were commissioned by the Central Government to greet Mr. Hu. Besides that, Admiral Chen stated, they were entrusted with the duties of accompanying Mr. Hu to Shanghai en route to Nanking.

General Li Tsung-jen, Commander-in-Chief of the Kwangsi Army, arrived at Hongkong Jan. 19 to welcome Hu Han-min. Upon his arrival, General Li Tsung-jen issued a statement on his attitude towards the foreign policy of the Central Government, in which he expressed the belief that Mr. Hu was fully qualified to aid in the task of achieving national salvation. Dealing with the Sino-Japanese situation, he said that the Chinese Government must remember that Japan aimed at carrying out a policy of continental expansion, and that the plan for collaboration between the two countries would be no solution of the present crisis. The fundamental principle of Chinese policy towards Japan, he saiid, must be absolute preservation of China's national rights and existence. General Li went on to voice the hope that the Chinese Government was "not restorting to secret diplomacy."

"SHANGHAI NIPPO" ON THE RETURN OF HU HAN-MIN

In an editorial captioned "Hu Han-min and Japan," the *Shanghai Nippo* emphasizes that no matter what the policy of Mr. Hu will be, the Japanese policy towards China will remain the same, because the latter is not dependent on the question "who is the Chinese leader," but on the aspirations and ideas of Japan herself.

"However," the paper adds "if Mr. Hu will arrive in Nanking, then his attitude toward China must be of interest to us. Of course Mr. Hu will not assume a friendly position towards Japan, even if he is not a notorious anti-Japanese leader. When he assumes his office as the Chairman of the Standing Committee of the Central Executive Committee, Mr. Hu will launch his cool and strong criticisms against the foreign as well as the internal policies of the Government. In this case, he might render effective hinderance to the enforcement of the policy by General Chiang Kai-shek. In turn, General Chiang will have a chance to shield his own attempt to avoid the practical settlement of all Sino-Japanese questions.

"In this way, the policy of the Nanking Government towards Japan will be ever more disorganized, while the Sino-Japanese relations will be ever aggravated. As a natural consequence, the position of China herself will be made more difficult."

DR. WANG CHUNG-HUI RESIGNS HAGUE POST

Dr. Wang Chung-hui, Chinese judge at the Permanent Court of International Justice at The Hague, has resigned his post on "personal grounds," according to a *Reuter* message from Nanking Jan. 17. Dr. Wang Chung-hui took up his post in the middle of 1931, although he was actually appointed the year before.

Dr. Wang Chunng-hui, who arrived in London Jan. 20 said that family reasons prompted his recent resignation as a judge of The Hague. He added that he would return to China in the near future, but that he would not take any official position. Dr. Wang is in London to visit the Chinese Art Exhibition and to arrange to send his son to Cambridge.

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CUSTOMS NOTIFICATION No. 1495

With reference to the Code of Customs Regulations and Procedure, Chapter XXI, § 5, B, 11 (a): providing that, if an importation of 10,000 sporting shot cartridges does not suffice to meet a merchant's trade requirements, no objection is made to the stock permitted being fixed at 25,000, but that, in such case, a stipulation should be made in the bond that the shopkeeper will not sell more than 4,000 to any one purchaser;

the public is now notified that, in accordance with Government instructions, the above ruling is cancelled and that respectable foreign firms will in future be allowed to import not more than four sporting guns (or at the most six, if ordered by specified persons) and not more than 10,000 rounds of sporting cartridges at any one time. Reliable firms in Shanghai may, however, still be allowed to store in the Customs Munitions of War Godown up to 25 sporting guns and 25,000 cartridges (of which not more than four guns and 4,000 cartridges may be imported at one time) in accordance with existing practice.

H. O. Tong,
Superintendent of Customs.

Paul Barentzen,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 21st January, 1936.

Japanese Machinery Exhibition to Be Given in Shanghai

A Japanese machinery exhibition will be held in Shanghai beginning May 1 until the end of the month. Similar exhibitions have been held in Japan and Manchukuo under the auspices of the Japan Machinery Federation.

The manufacturers to submit their machinery products are the Mitsui, Mitsubishi, Sumitomo, Toyoda, Furukawa, the Railways Ministry, etc. The amount of machinery to be on display will be of the value of about Yen 1,000,000.

As the exhibition hall, a large tract of land has been selected in front of the Japanese primary school in North Szechuan Road, Shanghai, and preparations are now in progress for the event.

Students Strike in Paris

Student disorders and strikes are spreading in Paris over the Law School's retention of Gaston Jeze, unpopular with the students because of the speeches he made at Geneva as Abyssinia's representative at the League of Nations.

Several minor riots occurred in the Boulevard St. Michel on the night of Jan. 18, while earlier in the afternoon the police were called out to prevent a crowd of medical students from staging a big demonstration at the Medical School.

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The National City Bank of New York, Rates of Exchange

Shanghai, January 21, 1936

Demand selling rate on America:	U.S.$1.00=Sh. $ 3 37
Demand buying rate on America:	U.S.$1.00=Sh. $ 3.32
Demand selling rate on London:	£1.0.0=Sh. $16.73
Demand buying rate on London:	£1.0.0=Sh. $16.48